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Japan

Kono Cautioned About September UN Address

OW1708150894 Tokyo KYODO in English 1400 GMT 17 Aug 94

[Text] Tokyo, Aug. 17 KYODO—A senior Foreign Ministry official suggested Wednesday [17 August] Foreign Minister Yohei Kono had better not tell the U.N. General Assembly meeting in September that Japan will only contribute to "nonmilitary" activities abroad because it could be misunderstood.

The word "nonmilitary" may lead other nations to misunderstand Japan's position and they may consider Japan reluctant to contribute to international endeavors, the official said on condition of anonymity. He added that logistic support for U.N. peacekeeping activities also falls into the military category.

When Kono speaks at the U.N. meeting, he must clarify that Japan will make contributions abroad within the framework of its war-renouncing Constitution and that it will not resort to military force, the official said.

The heads of Japan's three ruling coalition parties—Kono of the Liberal Democratic Party, Prime Minister Tomiichi Murayama of the Social Democratic Party and Finance Minister Masayoshi Takemura of New Party Sakigake—met last Thursday and agreed that Kono would declare in his speech that Japan will participate only in nonmilitary activities abroad, even if Japan becomes a permanent member of the U.N. Security Council.

Japan has sent engineering troops to Cambodia and a transport contingent to Mozambique since a law was enacted in June 1992 allowing its forces to join U.N. peacekeeping activities abroad.

The three ruling parties, meanwhile, agreed Wednesday to send defense personnel to Rwanda to aid refugees.

Kono Interviewed on Framework Trade Talks

OW1808031294 Tokyo NHK General Television Network in Japanese 2210 GMT 17 Aug 94

[Studio interview with Japanese Foreign Minister Yohei Kono by NHK announcer Yoshinori Imai in Tokyo—live]

[Text] [Imai] Good morning, Mr. Kono. Thank you for joining us this morning.

Mr. Kantor said the United States is not demanding any numerical targets. However, it appears Japan and the United States have not yet reached an accord on the treatment of objective criteria in the bilateral government procurement talks.

[Kono] That is true. Before discussing that issue, please let me first convey my salutations to Mr. Kantor. I am looking forward to seeing him in the United States. Regarding the framework talks, it is to my sorrow that debates on objective criteria have remained unsettled for over a year. I hope for a consultative settlement of this issue, as it is my belief that Japan-U.S. relations are still good enough to settle all problems. After my inauguration as foreign minister, I was briefed on the development of the negotiations hitherto, and I strongly felt some sort of mutual distrust between the two nations.

Japan feels the United States is trying to enforce numerical targets, and the United States says its proposal is nothing like that. The gap probably stems from differences in the Japanese and American languages as well as peculiar usage of words by American lawyers—from past experiences, we cannot help wondering about the U.S. negotiators' true intentions hidden behind their words. For instance, we are now having a problem on what substantial increases actually means. Japan's working-level negotiators say the United States is stealthily or candidly trying to put target figures in the definition of substantial increases, and I agree with them on this point. So, I think Japan and the United States should narrow the gap between their understandings of such basic preconditions.

To put it flatly, we are happy to import foreign products with good quality, well-provided services, and appropriate prices. We have been clarifying our stance that importing good foreign products meets Japan's national interests. So, the question is how foreign countries can show Japanese consumers their products with good quality, services, and prices. What we have to do now is to secure fair and visible importing procedures so that foreign companies can participate in competition in the Japanese market.

However, Mr. Kantor and some other foreign officials just want us to guarantee results by demanding our commitment on the size of future allotments to foreign exporters. Such quantitative demands go against the basic principle of the free trade system.

[Imai] Over a month ago, I had the opportunity to interview you in Naples immediately after the Japan-U.S. summit talks. At that time, you said Japan and the United States should take actions rather than just discussing problems. Are there differences between Japan and the United States as to what the actions to be taken should be?

[Kono] I guess so. But we certainly can reach an accord as long as we keep trying our best. This year, Japan voluntarily hammered out measures for improving importing procedures, and I think these will obtain the support of the international community. When I meet Mr. Kantor, I would like to obtain his comments on our efforts so far.

[Imai] Two major countries are confronting each other over a slight difference in word usage, and this adversely affects the economic and political harmony of the world. In particular, the Murayama administration has pledged reform of domestic policies. There is an opinion that what Japan must do is promote reform policies to secure expansion of the domestic market. What is your comment on that point?

[Kono] I agree with that. In my view, relations between Japan and the United States are not only economic ties, but also cooperative ties to jointly work on security and global problems. Therefore, it is unfavorable for bilateral disputes over economic issues to remain unsettled. The two nations must meet each other halfway to settle existing problems.

The principles of the free trade system have long been promoted by the United States, and Japan is trying to further adapt itself to the system. Under such circumstances, we just cannot accept the results-oriented demands of the United States. Demands for Japan's pledge on the quantity of future imports obviously goes against the principle of fair competition.

Another point is that Japan and the United States should not make bilateral agreements which are grossly unfair to the European and Asian nations. Of course, I believe Mr. Kantor is saying the Japanese market should be open to the entire world, not only to the United States. However, European nations often wonder if the Japan- U.S. negotiations are intended for expanding only U.S. exports to Japan.

[Imai] We have only six weeks until the deadline for U.S. sanctions, and you are scheduled to meet Mr. Kantor in Los Angeles in a couple of weeks. I hope some progress is made at the talks...

[Kono, interrupting] I have a few more words to say. The United States is preparing economic sanctions, and I think that is a domestic affair of the United States. However, if that nation unilaterally imposes sanctions against us in the midst of bilateral negotiations, we would have to close the negotiations with our deepest chagrin. I think the two nations have to meet each other halfway to avoid such adversity.

Tokyo Supports 'Special Inspection' of DPRK

OW1808055694 Tokyo SANKEI SHIMBUN in Japanese 17 Aug 94 Morning Edition p 3

[Text] Terusuke Terada, director general for public information and cultural affairs of the Ministry of Foreign Affairs, at a news conference on 16 Auguest, spoke about the statement of U.S. State Deparment spokesman McCurry that the United States would continue to ask the DPRK (North Korea) to accept special inspections. Terada said, "Japan thinks the same way. I think this matter will be taken up at the second session of the U.S.-DPRK high-level talks."

Ten-Billion-Yen War Compensation Planned

OW1708134994 Tokyo KYODO in English 1216 GMT 17 Aug 94

[Text] Tokyo, Aug. 17 KYODO—Japan is considering a plan to establish a 10 billion yen fund to compensate Asian women forced into sexual slavery by the Japanese military during World War II and other Asian victims of Japan's wartime aggression, government sources said Wednesday [17 August].

The planned fund would be set up with contributions from the Japanese people and companies and be used to help support such victims, the sources said.

A meeting is planned for next Monday to discuss war compensation, including the fund idea, among the heads of Japan's three ruling coalition parties—Prime Minister Tomiichi Murayama of the Social Democratic Party, Foreign Minister Yohei Kono of the Liberal Democratic Party and Finance Minister Masayoshi Takemura of New Party Sakigake, they said.

The meeting partly aims to discuss objections from some Foreign Ministry and other government officials who say such a measure may result in the number of compensation recipients expanding without limit, the sources said.

The Foreign Ministry has drawn up a plan in which 100 billion yen would be used over 10 years to promote youth exchange programs with Asian nations and finance historical studies in the region, on the principle that Japan will not compensate individual war victims.

Japan has taken the position that the issue of official war reparations was resolved by the San Francisco Peace Treaty of September 1951.

Launch of 270-Billion-Yen H-2 Rocket Canceled

OW1808090794 Tokyo KYODO in English 0842 GMT 18 Aug 94

[Text] Tanegashima, Japan, Aug. 18 KYODO—The launch of an H-2, the second model of Japan's domestically developed rockets, was canceled Thursday [18 August] a moment before its scheduled liftoff, the National Space Development Agency (NASDA) said Thursday.

At 4:40 P.M., officials fired the main engine of the H-2, but something went wrong after a moment and the launch was suspended, NASDA officials said.

The H-2, to be launched from the Tanegashima Space Center in southern Japan, was set to place into orbit an experimental telecommunications satellite some 36,000 kilometers above the earth, NASDA officials said.

A successful mission would confirm the capabilities of the H-2 rocket and bring it one step closer to practical use, the officials said.

The H-2 was developed at a cost of 270 billion yen and was first launched successfully in February. The rocket has a length of 50 meters and weighs 260 tons together with the satellite.

Automakers Ponder Overseas Shift as Yen Soars

OW1708133394 Tokyo KYODO in English 1214 GMT 17 Aug 94

[Text] New York, Aug. 17 KYODO—Japanese automakers are now facing a dilemma created by the high yen—whether or not to increase output at their overseas plants at the cost of "hollowing out" their domestic operations.

Taizo Yokoyama, executive director of Mitsubishi Motors Corp., describes the dilemma as a choice between maintaining profits to survive, or keeping workers at home employed, which Japanese companies traditionally consider an asset and basic power of the operation.

"It poses a question to Japanese companies about their basic corporate philosophy," he says.

Yet, in order to fight the recent sharp rise of the yen on foreign exchange markets, Japanese automakers have rapidly shifted production from home to their overseas plants, particularly in North America.

According to industry analysts, the total output by Japanese automakers' plants in the region will top two million vehicles this year, up from last year's 1.83 million.

Shinji Sakai, president of Toyota Motor Sales U.S.A. Inc. in California, says his company is aiming at doubling exports to 100,000 vehicles a year in the near future. It exported some 50,000 vehicles last year, making it the second-largest car exporter in the U.S. after General Motors Corp.

American Honda Motor Co. in California is expected to export some 75,000 automobiles this year, surpassing the "big three" U.S. car makers, which will make it the first Japanese automaker in the U.S. to become America's No. 1 car exporter.

It plans to increase exports further to about 150,000 vehicles by 1999, analysts say.

Those Japanese subsidiaries are no longer mere production sites to supply local markets but are acting as exporting bases to the world market.

On the other hand, vehicle exports by Japanese parent automakers at home have steadily dropped, with those to the U.S. declining to the level of 1.6 million vehicles in 1993—less than half the peak of 3.4 million in 1986, according to the analysts.

Total automobile production at home dropped by 1.27 million vehicles in 1993 from the previous year, and many plants and production lines were closed, according to the analysts.

Masaru Miyata, senior managing director of Honda Motor Co. in Japan, says hollowing out should be avoided by stepping up sales on the domestic market. He could not, however, map out actual plans to do so.

In fact, Honda is among the most aggressive Japanese automakers in terms of putting emphasis on its strategies for operations in the North American hemisphere. Honda of Canada Mfg. in Ontario started direct exports to Brazil and Taiwan in May. Although the shipments are only about 1,000 vehicles a year at present, the number is planned to be boosted substantially in the near future, according to the Canadian subsidiary's president, Noriyuki Koide.

Honda R and D North America Inc. in Ohio has drawn up more radical strategies under which it plans to develop two passenger car models to be put on the U.S. and Canadian markets in 1996. The project team is to be led by Americans.

This means converting the U.S. firm to one which can deal with all aspects of the automobile business.

Such strategies are already having an effect on Honda's local procurement of parts and materials. Its local content ratio in the U.S. now exceeds 80 percent, and local procurement tops 3.2 billion dollars a year from 320 local companies across the country, company officials said.

In Canada, Honda is called a "foreign domestic" company, according to company officials.

They said Honda is also popular as an employer, with its Ohio factory always holding a waiting list of more than 30,000 would-be workers, while the ratio of those workers leaving their jobs remains at 2 percent a year.

"It may be possible that in 21st century, people will hear that Honda was once a Japanese operating company years ago," Miyata said half jokingly after he announced the company's new strategies in July in Detroit.

Given such comments, a long-circulated rumor that Honda may shift its headquarters from Tokyo to somewhere in the U.S. gets more believable.

Koichi Amamiya, president of American Honda, said, "honestly speaking, I believe that no one in the Japanese automobile industry at present has a clear picture for the future."

"Because we do not know, we stick with the market to cope with the rapid appreciation of the yen against the dollar," he added.

Fuji HI To Assemble Subaru Engines in U.S.

942A0555A Tokyo NIKKEI SANGYO SHIMBUN in Japanese 4 Aug 94 p 10

[Text] Fuji Heavy Industries [Fuji HI] will begin assembly production of engines at Subaru Isuzu Automotive (SIA, Indiana), its U.S. production subsidiary, with the summer of next year as the goal. Up until now, it has exported finished engines from Japan, but it is switching to local assembly to deal with the high yen. The company is switching the whole amount of its mainstay new "Legacy" model which went on sale in the North American market in July this year to production at SIA. By also switching the engine to local production, it is estimated that the local procurement rate for the "Legacy" will increase from the current 60 percent to the 70 percent level. For the time being, the machine-processed cylinder block, cylinder head, and crankshaft, which are the main parts of the engine, will be exported from Japan; electrical parts, belts, and pipes will be purchased locally; and the engine will be finished locally. The plan is to establish an engine assembly subline beside the SIA vehicle assembly line.

The engine that will be produced in the United States is the horizontal facing four-cylinder 2200-cc engine that is carried in the "Legacy" that went on sale in the North American market last month. The production number for the time being will be 5,000 to 6,000 units per month.

Of the Japanese automakers, so far Toyota Motor, Nissan Motor, and Honda Motor are assembling engines in the United States.

U.S. Airlines' Flights to Kansai Approved

OW1708133794 Tokyo KYODO in English 1238 GMT 17 Aug 94

[Text] Tokyo, Aug. 17 KYODO—The Transport Ministry on Wednesday [17 August] gave the go-ahead to Continental Micronesia and Federal Express Cargo to fly to the new Kansai International Airport.

Ministry officials said that would mean 26 airlines from 20 countries, including Japanese carriers, will be servicing the airport with 317 flights per week.

Three more airlines are waiting for permission and by the opening on Sept. 4, the number of flights is expected to rise to 328, they said. That, however, will be only half the initial number expected.

Continental Micronesia will fly to and from Guam and Saipan with 14 flights a week, while Federal Express Cargo service will connect Asian cities and the United States via Kansai with 13 flights a week.

Toshiba To Produce Color TV Parts in Mexico

OW1808010894 Tokyo KYODO in English 2315 GMT 17 Aug 94

[Text] Tokyo, Aug. 18 KYODO—Toshiba Corp. will shift production of color TV chassis sold in North America from Singapore to Mexico by the summer of 1995 under a program to reorganize global TV production, a business daily reported Thursday [17 August].

The NIHON KEIZAI SHIMBUN said the move follows the enactment of the North American Free Trade Agreement (NAFTA) in January that makes it disadvantageous to procure parts made in nations other than the United States, Canada and Mexico.

Toshiba currently makes color TV chassis sold in North america at plants in Singapore and Mexico.

The reorganization program also calls for shifting export-bound domestic color TV production to the Singapore plant and raising production capacity at a British factory, the daily said.

Toshiba expects these measures to boost the ratio of color TV production abroad to its overall color TV output to about 70 percent, it added.

Diet To Convene 'Extraordinary' Session 30 Sep

OW1708232594 Tokyo KYODO in English 2312 GMT 17 Aug 94

[Text] Asahikawa, Japan, Aug. 18 KYODO—The government will convene an extraordinary Diet session on Sept. 30 to discuss a bill for a new electoral map for single-seat constituencies for the House of Representatives, Chief Cabinet Secretary Kozo Igarashi said Wednesday [17 August].

The top government spokesman made the remarks in his constituency of Asahikawa, Hokkaido, at a meeting of his supporters.

A government panel last Friday submitted to Prime Minister Tomiichi Murayama a draft of a new electoral map demarcating the 300 new constituencies to replace the old multiseat system.

In future elections for the new 500-seat lower house, 300 seats will be elected from single-seat districts and the remaining 200 by proportional representation.

The new election system is the centerpiece of the political reform bills enacted in January which aim to renovate Japan's corruption-ridden political system.

Igarashi of Murayama's Social Democratic Party [Social Democratic Party of Japan] predicted at a meeting with reporters that the next general election would not take place within two years.

The next general election is due to be held by July, 1997.

Murayama To Visit PRC in Late Sep

OW1808015394 Tokyo KYODO in English 0042 GMT 18 Aug 94

[Text] Tokyo, Aug. 18 KYODO—Prime Minister Tomiichi Murayama plans to visit China in the fall to meet Chinese leaders, a major daily reported Thursday [18 August].

The MAINICHI SHIMBUN quoted government sources as saying Murayama intends to visit the country in late September.

Murayama, chairman of the Social Democratic Party (SDP) [Social Democratic Party of Japan—SDPJ], who took office in late June heading the tripartite coalition government comprising the SDP, the Liberal Democratic Party (LDP) and new party Sakigake [Harbinger], will meet Chinese President Jiang Zemin, it said.

Jiang invited Murayama on Wednesday to visit China in a meeting with LDP policy chief Koichi Kato.

Shinseito Rejects Ozawa's Offer To Resign

OW1808034294 Tokyo KYODO in English 0223 GMT 18 Aug 94

[Text] Tokyo, aug. 18 KYODO—The Shinseito Party [Japan Renewal party] leadership Thursday [18 August] rejected an offer by its secretary general, Ichiro Ozawa, to resign and formally decided to keep the powerful political figure on as the party's leading executive.

Ozawa, who masterminded last summer's fall of the Liberal Democratic Party (LDP) to form a short-lived coalition government, originally offered to resign in June following the election of Social Democratic Party [Social Democratic Party of Japan—SDPJ] Chairman Tomiichi Murayama as prime minister.

Ozawa said he would step down to take responsibility for the coalition's defeat but Shinseito leaders persuaded him to stay on.

Murayama heads up a coalition of LDP conservatives and SDP liberals brought together to overthrow Ozawa's neoconservative alliance.

In a Diet runoff election in June, Murayama beat former Prime Minister Toshiki Kaifu, who was supported by Shinseito and other former coalition partners.

Also at Thursday's meeting, Shinseito created a new advisory council of the six party members with cabinet experience and expanded the current Executive Council from six members to 13.

The expanded leadership idea emerged in a meeting Wednesday with party leaders, including former prime minister and party president Tsutomu Hata, in an apparent move to democratize the party and quell critics of Ozawa's power.

Critics of Ozawa have grown more vocal since the fall of the Hata cabinet, blaming him for the coalition's reversal of fortunes and his plans to create a new political party by forging together Japan's different reformist groups.

Ozawa Discusses Japan's Future

OW1808122194 Tokyo SANKEI SHIMBUN in Japanese 31 July 94 Morning Edition p 3

[Interview with Shinseito (Japan Renewal Party) Secretary General Ichiro Ozawa by Yoshihisa Furumori, SANKEI SHIMBUN's Washington correspondent, in Washington on 30 July]

[Text] [Furumori] The portion of the speech you gave at the National Press Club that impressed me most was: "The Cold War between the East and West came to an end with a victory for freedom and democracy under U.S. leadership. If the Cold War had ended with a communist victory, people throughout the world would have been robbed of freedom and would have seen their human rights suppressed." Through my observations of both Japan and the United States, I find that very few Japanese politicians have summed up the end of the Cold War with an expression such as yours. They simply say: "The Cold War came to an end." They are vague about who were the victors and the defeated and say that the war somehow came to a natural end. In this respect, you make a definite classification of Cold War ideologies and clearly say which side won the war. The Japanese probably feel that: "Mr. Ozawa makes a clear distinction of who and what is right or wrong." When I heard your speech I felt that it symbolized a discrepancy between Japan's prevailing thoughts and international realities.

[Ozawa] I feel no resistance against this sort of realization or expression. I suppose the critics are advising me to say things in a more rounded way. That is the Japanese way of feeling. They say that the age of ideology came to an end with the termination of the Cold War. But in concrete terms, it meant that liberalism and democracy proved to be closer to the truth than communism, and that they are supported by the world as a whole.

[Furumori] With regard to Japan-U.S. relations, what you made clear was the importance of the sense of values both nations have in common—freedom and democracy. In this respect, I feel that being friendly with the United States is basically different from getting on good terms with China, Vietnam, and Russia.

U.S.-Japan Sharing Common Sense of Values Urged

[Ozawa] Whether between nations or human beings, simple emotional relationships are very fragile if they do not share a common sense of values. Ideals or values can not be so easily switched. Having them in common is the basis of genuine, friendly, and reliable relations.

[Furumori] From a Japanese standpoint, one would likely be regarded strangely if one made a natural claim such as Japan's basic foreign relations are based on its relations with the United States. The word "shinbei" (friendly toward the United States) tends to have a bad conotation. The word seems to carry a nuance that you are under the U.S. thumb—the word indicates that you are looked on coldheartedly. But Japan has to consider which close relationships serves the best interest of Japan and its people, from economic advantages to security benefits. This question is the starting point, and the answer to it is Japan-U.S. relations.

[Ozawa] All discussions in Japan are conducted with emotion. If the Japanese way of thinking is based on exact reasoning and logic that the Japan-U.S. relations should be maintained and an exact relationship of trust is built as the result, I think the Americans would take Japanese requests and demands of the United States seriously.

[Furumori] There exists a tendency among Japanese intellectuals to somehow believe that saying bad and critical things about the United States attests to their good sense. Contrary to their verbal statements, they seem to place firm trust in the U.S.' sense of values and its system.

Anti-U.S. Feeling Is Counterevidence of Dependence

[Ozawa] Japan's anti-American or hate-American sentiment is counterevidence of its dependence. In a sense, it is ignorance, prejudice, and misunderstanding. The Japanese people must first become principled Japanese before they can become serious counterparts of debate with foreigners, including Americans, and before their opinions will be understood.

[Furumori] With regard to the Japan-U.S. Mutual Security Treaty, (Prime Minister) Tomiichi Murayama of the Social Democratic Party of Japan [SDPJ] said he will uphold the treaty, just as you have stated. The world seems to have become a little crazy. What will you do if the United States expresses a desire to review the policy of firmly maintaining that treaty in the future?

[Ozawa] At a debate forum among heads of various political parties some time ago, a question was posed to the effect: "In the United States, there is an opinion that favors reviewing the security treaty between Japan and the United States. There is even an opinion that urges revoking the treaty." Responding to that opinion, Takako Doi, Japan Socialist Party chairman, said: "That is very good." I was flabbergasted by this. She was advocating the abolition of the Japan-U.S. security pact. I could not believe a political party leader could utter such an extreme opinion confidently. There are many people with such a low level of views in Japan. It is a really worrisome situation.

[Furumori] In your speech, you blamed a lack of political leadership as the reason behind slow progress in the Japan-U.S. framework talks for a new economic partnership. Does it mean you are worried?

[Ozawa] As it stands now, the outlook is dim, unless the United States tries desperately to reach an agreement and makes a big concession. Today's Japan cannot make any proposal that will be acceptable to the United States because Japanese politics does not make up its mind nor is it willing to take responsibility.

[Furumori] As the two pillars for guaranteeing Japanese security, you point to the Japan-U.S. alliance and Japan's cooperation with the United Nations. However, some in the United States hold an opinion that does not place much reliance on the United Nations.

[Ozawa] Among the world's nations, the United States is the only country that can maintain a system of armed independence, and, at the same time, allow its people to enjoy affluent living. In the words of Kawai Tsugunosuke (1827-68), it is "ippan dokuritsu"—an independent feudal domain, and, when interpreted in an international sense, an independent armed nation. Therefore, isolationism and the Monroe Doctrine surface from time to time. Questions arise among Americans as to why they have to pay such a high cost for maintaining the security of foreign countries. For the Japanese, an independent armed nation is a dream of dreams. If Japan adopts isolationism in the field of security, it will scarcely be able to live past tomorrow. In that sense, there would be no other means for Japan to maintain its security than by living in an international coordination. In my opinion, although Japan should maintain a minimum Self Defense Force, it is far better to provide more troop units to the United Nations.

Constitution Issue is Unavoidable Question

[Furumori] From an international point of view, Article 9 of the Japanese Constitution, which prohibits war as a sovereign right of the nation and the threat or use of force is viewed as partially restricting the national sovereignty. Some Americans believe that so long as Japan has such a constitution, Japan cannot become an ordinary nation. As for Japan itself, the Constitution is an unavoidable question when considering Japan's future as it should be.

[Ozawa] I am fully aware of the criticism by those who say I am endlessly expanding the Constitution's sphere of interpretation. However, keeping the ideals upheld by Japan's Constitution in mind, I think the Constitution no longer holds good if an expanded interpretation denying any interpretation to allow international security contributions. Japan's Constitution was drafted with the ideal of a global federation in mind. I do not understand why efforts that approach that ideal are denied, although such approaches are still far from the actual ideal. The maintenance of peace and order, with the United Nations at its core, does not violate the Constitution.

[Furumori] Let me touch on a sensitive topic. Regarding the 300 single-seat constituencies, have you decided on which candidates will run on your projected new party's ticket?

[Ozawa] We have nearly 200 candidates from the old coalition opposition parties. In addition, there are 50-60 new faces from our party [Shinseito—Japan Renewal Party] and others. What is left for us to do is to make adjustments among the incumbent Diet members and the selection of 40-50 new candidates.

[Furumori] The Liberal Democrats are boasting that the LDP and the SDPJ are the only political parties that have nationwide election machines.

[Ozawa] There cannot be a joint LDP-SDPJ coalition in the elections. It is another question entirely if the two parties merge into a new political party. If that is not possible, there is no other way for the SDPJ than to perish to launch a joint struggle in the elections.

[Furumori] It seems to me that the SDPJ is no longer the SDPJ because it has thrown away its all major policies. But I doubt the LDP and the SDPJ, old political foes, can completely merge.

[Ozawa] If the SDPJ does do that, it would be completely beyond my expectations; I hardly think it will happen. The SDPJ avoided all intra-party discussions and procedures before making such policy switches. That sort of method far exceeds what they have criticized me for.

Struggle Between Reformists and Conservatives

[Furumori] Japanese politics today seems to be aligned on two fronts: "Anti-Ozawa" and "pro-Ozawa." These fronts have no policy debates and I feel it is a very unhealthy situation.

[Ozawa] It can be summarized as "reformists" versus "conservatives." I am setting out the reformists' logic. On the other hand, the conservatives have not yet come up with their logic. Thus, they indulge in such nonsensical emotional topics as what they like or dislike. It would be better for them to set out their policies logically. Then, it would not be a question of individual likes and dislikes.

[Furumori] In the long run, you are trying to create two large, more or less conservative political parties who compete with each other. What will be the distinctive issues between the two parties, in addition to the already known conflict over international coordination and the individual pacifism of, and for one nation?

[Ozawa] Basically speaking, it is "become free of Japanese society."

[Furumori] What a daring idea it is.

Japan's Competitive Power Has Reached Its Limits

[Ozawa] Yes, it is my own idea. In my opinion, the ongoing methods, social setup, and consciousness of the Japanese no longer hold good in the international community. In the field of reason at least, the Japanese must free themselves of old Japanese concepts. They must free themselves from the norms of Japanese society. This is especially true with politics; that is my assertion. On the other hand, there is another line of thought that sees no necessity to free ourselves from the old system. I am not advocating the latter, because the United States and the international community are demanding that Japan open its markets. Japanese economic technology is nothing more than applied technology. The Japanese are merely developing applied technology after acquiring U.S. patents. In my opinion, Japan's competitive power has reached its limits. No economic development can be expected unless Japan creates new technology and new industrial fields itself. For that purpose, the Japanese must become creative, think for themselves, study by themselves, not imitate others, and work hard. The Japanese must make such an idea their own. In a controlled society, where the authorities make tighter restrictions to protect the people and the people are used to such practice, no creative power will spring up. I do not advocate Japan should become like the U.S., but I think Japan needs a freer society than now where individuals' creative ideas are welcome, something in between Japan and the United States; that also means a small government. However, the present coalition government and many others seem to find solace in the controlled society. I think that will make the difference in the political handling of the social setup by the ruling and opposition parties.

[Furumori] Some people may look aghast at the expression—become free of Japanese society. In Japan, there are those who strongly oppose international pressure, insisting "Japan has its own ways of dealing with things."

[Ozawa] If they try desperately to defend the old situation by saying "the Japanese have their own way," then they are advised to handle everything among Japanese by themselves. But this will not hold good if they have contact with people from other countries. In the international community, they have to change their way of thinking. Among the Japanese, it is all right to do things in the traditional Japanese way.

[Furumori] What scenario have you in mind in selecting the head of the new political party?

[Ozawa] We have three former prime ministers on hand, Toshiki Kaifu, Tsutomu Hata, and Morihiro Hosokawa. In addition, we have Koshiro Ishida of Komeito and Takashi Yonezawa of the Democratic Socialist Party [DSP], so altogether five. Naturally the head will be chosen from among these five men.

[Furumori] How about yourself?

[Ozawa] It is no longer a matter being dealt with at the Shinseito, or whatever other party, level. The most important thing is to win an election that will be conducted under the new electoral system. I am the only one with experience in carrying out a national-level election. If there is anyone else who can do the job, I will give it to him.

Power Is Nothing More Than a Means

[Furumori] Do you have an ambition to grasp the helm of government?

[Ozawa] No, I do not. Power is nothing but a means. Someone said it is an objective, but taking the helm of a regime is nothing but a means. If things move in the direction in which I want to go, I will not have any intentions of holding power.

[Furumori] In spite of the hard schedule you have the United States, you look energetic; it seems you have regained good physical condition. Some people say you are wearing a completely different expression from the one you wear in Japan.

[Ozawa] Meeting U.S. newsmen is generally pleasant and I like meeting them. They are straightforward and so am I. If you tell them your opinion in straight terms, they understand, irrespective of agreement or disagreement.

[Furumori] Regarding bureaucrats, I understand that in the autumn of 1990, some of them insisted "absolutely no Self-Defense Forces [SDF] should be dispatched overseas," during deliberations over the bill concerning UN Peacekeeping Operations [PKO] during the Gulf Crisis. Despite this, the bill that decided to send SDF overseas was finally adopted. In that case, politicians apparently have to take responsibility. Meanwhile, bureaucrats who are not entrusted by the people to participate in decisionmaking tactfully evade taking responsibility for mistakes.

[Ozawa] But, speaking of the Gulf Crisis, the politicians should have made up their minds to settle the problem. At that time I was LDP secretary general, and a certain Foreign Ministry bureaucrat came to me and said the Foreign Ministry as a whole was against the overseas dispatch of the SDF. I thought it was a funny idea they were talking about.

[Furumori] Those same bureaucrats are now saying everywhere that it is good for the SDF to go overseas on PKO missions. I ask, where is the responsibility and consistency?

[Ozawa] In a sense, I think bureaucrats are at a certain level. In short, politicians should decide on the matter.

SDPJ To Delay Sending Mission to DPRK

OW1808062994 Tokyo NIHON KEIZAI SHIMBUN in Japanese 16 Aug 94 Morning Edition p 2

[Text] The Social Democratic Party of Japan [SDPJ] decided on 15 August to put off sending its condolence delegation to the DPRK (North Korea) in connection with President Kim Il-song's death until after mid-September.

As predicted, it will still take some time before the DPRK can complete reorganization of its political structure due to various reasons. For example, Secretary Kim Chong-il, heir apparent to the late President Kim Il-song, has not officially assumed the post. Therefore, the party has decided to change the plan for the delegation, which was originally scheduled to leave in mid-August.

Hata on Creating New Party at End of Sep

OW1808062894 Tokyo KYODO in English 0612 GMT 18 Aug 94

[Text] Fuji Yoshida, Japan, Aug. 18 KYODO—Former Prime Minister Tsutomu Hata said Thursday [18 Aug] the planned new mammoth party comprising nine opposition groups should come into being at the end of September as earlier proposed.

"I would like to see the new party progress, with the end of September as the target date. The heads of the parties have agreed on the time frame," Hata said in a speech to a business seminar here of the Japan Federation of Employers Associations (Nikkeiren).

Hata also said the basic policy lines of the new party should be formulated by the end of August by a special platform-drafting project team launched on the same day.

The project team, comprising policy-making officials of the nine parties, plans to have the basic policies formalized at a meeting of the party heads Sept. 5.

The nine parties will then set up another discussion forum for the new party in September.

Hata said in the speech that 190 to 200 House of Representatives lawmakers will initially join the new party.

But he predicted some members of the Liberal Democratic Party (LDP) and the Social Democratic Party [of Japan] (SDP) [SDPJ], the two main partners of the three-party ruling coalition, will later defect to the new bloc.

The LDP and the SDPJ, along with New Party Sakigake [Harbinger], a tiny LDP splinter group, currently control nearly 300 seats in the 511-seat lower house.

The new party scheme has been the top political priority among the opposition groups since the former ruling coalition lost power at the end of June to the surprise alliance between the LDP and the SDPJ.

Ichiro Ozawa of Shinseito, the party headed by Hata, has been the most vocal proponent of the plan and has pledged to bring it into being for an extraordinary Diet session to be convened Sept. 30.

LDP Factions' Situation Said 'Rapidly' Changing

OW1808063294 Tokyo NIHON KEIZAI SHIMBUN in Japanese 17 Aug 94 Morning Edition p 2

[Text] The situation surrounding factions of the Liberal Democratic Party [LDP] has been changing rapidly. Faction Leaders used to provide faction members with a "summer allowance" by mid August. However, no factions, except the Komoto faction, prepared such allowance this year. In addition, they have not yet held seminars, previously used to demonstrate their unity. Various problems of factionalism have been pointed out and discussion on political reform has been heated. It is likely that the LDP party reform headquarters will propose a plan to disband the factions in its recommendations to be issued in late August. Although the LDP, which used to be called the federation of factions, accomplished its earnest desire to return to power, it seems that "factionalism will come to an end when the new electoral system is implemented," (according to LDP Secretary General Yoshiro Mori).

Following the LDP's return to power, the LDP has been regaining its vigor. For example, government officials and lobbyists resumed visiting the LDP headquarters, and various party councils resumed holding their morning sessions. However, as for the LDP factions, they are at a standstill after making moves to secure cabinet posts.

The fact that factions have postponed payment of the allowance, which aimed at helping members' activities, symbolizes the sluggish situation surrounding them. So far, leaders of factions have provided the "winter and summer allowance." Members who do not have ministerial experiencs used to receive about 1-3 million yen [Y] as the summer allowance in exchange for their allegiance to their leaders.

However, political ethics and donations have been seriously discussed to achieve political reform, and the scenario that the "prime minister and the party president are elected by faction leaders" was collapsed. "Despite their desire, factions can hardly afford to pay an allowance," (according to a senior official of the Mitsuzuka faction), because they are having difficulties securing funds. However, only the Komoto faction provided its members with Y2 million each.

On the contrary, last July the LDP deposited Y3 million in the bank accounts of each of its Diet members who do not have ministerial experience. If the Diet gives its approval to the redistricting bill for the single-seat constituency system, putting it into effect by the end of this year, the government will start providing official subsides to political parties from January next year. It is certain that funds will be provided mainly by the party. There is a possibility that the "allowance" from factions will be totally abolished.

Nikkeiren Head Criticizes Murayama Government

OW1808021894 Tokyo KYODO in English 0203 GMT 18 Aug 94

[Text] Fuji Yoshida, Japan, Aug. 18 KYODO—A prominent business leader voiced concern Thursday [18 August] about reform policy under Prime Minister Tomiichi Murayama's coalition government, saying it seems to be applying a brake on the pace of reform.

"It seems that the new government is acting as a brake upon the direction of making Japan more open and understandable abroad," said Takeshi Nagano, president of the Japan Federation of Employers Associations (Nikkeiren).

Speaking at a Nikkeiren business seminar in this summer resort in Yamanashi Prefecture, Nagano cited government decisions to lift a freeze on utility fees and to virtually raise the price paid to rice farmers as running counter to lowering prices in Japan.

Nagano blasted the coalition based on marriage between the archrival Liberal Democratic Party and the Social Democratic Party [Social Democratic Party of Japan] for acting in favor of special interest groups.

Nagano pointed to the conservative similarity of the two parties and warned Japan will face the worst political scenario possible if they continue to protect special interest groups.

As for wage negotiations next spring, Nagano reiterated that wages and prices should be brought down to revitalize the national economy.

He also underlined the need to review a traditional practice in spring wage talks in which a leading industry sets the pattern of annual wage negotiations.

* Takemura's Political Stance Questioned

942B0151A Tokyo SHUKAN JIJI in Japanese 16 Jul 94 pp 40-42

[Article by Taro Yayama, critic: "International Sensibility of Masayoshi Takemura Who Cannot Extricate Himself From Cold War Thinking Is Questioned"]

[Text] It has been a long time since the word "dove" has been heard in the tumult surrounding the political situation. It seems that Masayoshi Takemura, representative of the Sakigake [Harbinger] new party has been crowned with that name in the Liberal Democratic Party [LDP]-Socialist Democratic Party of Japan [SDPJ] coalition, but specifically how is it dovish? The details of the conference on the regime which Sakigake indicated to the SDPJ were 1) cautious handling of UN Security Council permanent membership and 2) proceeding with administrative reform before the problem of tax reform.

"Anti-Ozawa" Argument Does Not Hit Mark

This seems to be against the thinking of Ichiro Ozawa who is preaching "a normal nation" route and consumption tax rate increase, but Takemura probably has not taken one step from thinking in the cold war era.

The cold war era was an age when the United States and Soviet Union divided the world order. Japan belonged to the West and security was guaranteed under the nuclear umbrella of the United States. Compared to the superpowers of the United States and Soviet Union, Japan's national power was small and there was no need for Japan in particular to be zealous. Neither doves nor hawks had any influence on international politics. However, the division of the world order disappeared with the collapse of the Soviet Union.

The role of the United Nations again has come to be reviewed on who will divide it. The first test was the Gulf war. Kuwait's recovery of territory and the restoration of peace in the Gulf were, you might say, the result of a hawkish course. Thatcher says that if we had continued to take the persistent attitude of negotiations, Iraq probably also would have gotten its hands on Saudi Arabia some day. Undoubtedly, the route of negotiation would have repeated the previous mistake of Chamberlain who caused World War II by taking a conciliatory policy toward Hitler. It is a fact that history has shown the expansion of war because doves are indecisive.

Trial and error has continued in seeking a new world order after the cold war, but the idea has gradually become rooted that the United Nations should play the major role. As a result, international world opinion has risen that Germany and Japan should be added to the existing permanent members of the Security Council. It seems that Takemura's thinking is that we should not join because we will be compelled to make a military contribution if we become a permanent member of the Security Council.

The UN Security Council will be the control tower governing administration and world security. It is fine if we do not enter that control tower, but the refusal of all military contributions even though we are a member nation means that we do not desire any military assistance from the United Nations in time of need. The reasoning that we will not make any military contribution ourselves, but ask for help when Japan is in trouble does not hold good.

For a long time, the SDPJ has advocated unarmed neutrality, but this was not a theory on that way being secure. The motive was that separation from the West and not being armed makes it easier to generate a socialist revolution. In April this year, the rumor spread widely throughout the world that Takemura had received the order to "create an anti-Ozawa cabinet" from the Democratic People's Republic of Korea (North Korea). Was Takemura's attachment like a suckfish to SDPJ chairman Tomiichi Murayama who has close ties to North Korea based on this order? There is proof to doubt it strongly.

He says, "Tackle administrative reform before tax system reform."

It is a point that I also would like to say. There now is an international demand to make a tax cut. The United States and Japan together account for 40 percent of the world's gross national product (GNP). Based on the viewpoint that the world economy also will improve if the economies of the United States and Japan improve, the United States and Europe are seeking a tax cut from Japan as a economic measure.

If we are to make that tax cut, we must set up the goals for future revenue sources. Administrative reform will be necessary of course, but administrative reform alone will not be a measure to stimulate the economy and moreover, it will take time to produce results. It is rather too late as an immediate measure. Takemura lacks sensitivity about international politics or the international economy. International sensitivity is indispensable in running a nation. Especially if you consider the reality that the economy of the era after the cold war and the Japanese economy have become gigantic, both politics and economics must be considered more and more in relation to the international situation. Takemura has criticized the political methods of Ichiro Ozawa, but a method where everything should go through debate by the general public is not democracy. The Suzuki and Miyazawa cabinets showed examples that, unless everything passes the consensus of the bureaucracy and party, it will not be implemented. In short, it is synonymous with not doing and not being able to do anything. Morihiro Hosokawa was able to accomplish political reform, [a resolution on] rice, and a tax cut as the result of his own determination.

Reports on Issues Reflecting Economic Situaiton

Saito on Exchange Rates Impact

OW1808094094 Tokyo KYODO in English 0927 GMT 18 Aug 94

[Text] Tokyo, Aug. 18 KYODO—Vice Finance Minister Jiro Saito on Thursday [18 August] expressed concern over the possible impact of the dollar's fall against the yen on Japan's emerging economic recovery.

Saito said at a press conference that he wants to carefully watch a little longer before judging the economic situation, as concern remains over the yen's appreciation despite some brightening signs.

Despite Tuesday's hike in U.S. key interest rates by 0.5 percentage point, the dollar's strengthening was momentary and it ended the day at 99.88 yen, down 0.95 yen from the previous close.

While saying exchange rates are determined by various factors, Saito suggested they should not fluctuate sharply, but rather reflect each nation's economic fundamentals.

1.2 Percent GDP Growth Projected

OW1808095894 Tokyo KYODO in English 0947 GMT 18 Aug 94

[Text] Tokyo, Aug. 18 KYODO—The NLI Research Institute projected Thursday [18 August] Japan's gross domestic product (GDP) will grow an annualized 1.2 percent in the third quarter from the preceding three months, supported by brisk consumption and steady exports.

The think tank affiliated with Nippon Life Insurance Co. sees the key output figure increasing 0.5 percent in the April-September period from the same period last year.

The second-quarter GDP is predicted to have declined by 0.2 percent from the first quarter due to slower consumption and public works investment, officials said.

But the hot summer and the tax reduction scheme are expected to boost consumption in the third quarter, while housing demand could increase before interest rates begin to climb, they said.

The officials said, however, that excessive labor and facilities as well as the stronger yen continue to cast a shadow of uncertainty over the nation's economy and thus the strength of the recovery should be limited.

Household Spending Declines

OW1808060994 Tokyo KYODO in English 0511 GMT 18 Aug 94

[Text] Tokyo, Aug. 18 KYODO—Household spending in June suffered its fifth straight month of decline despite tax reductions implemented to bolster the sluggish economy, a government report showed Thursday [18 August].

The Management and Coordination Agency report said family spending fell an inflation-adjusted 0.9 percent year-on-year to 310,506 yen.

Family spending dropped 0.5 percent in February, 4.3 percent in March, 0.8 percent in April and 1.7 percent in May.

In the half-year period, ended June 30, the country's household expenditures fell 1.1 percent from a year before to a monthly average of 325,167 yen, the agency said.

Land Values Drop

OW1808043594 Tokyo KYODO in English 0236 GMT 18 Aug 94

[Text] Tokyo, Aug. 18 KYODO—The value of a square meter of land in Japan posted a double-digit decrease for a second straight year but still averaged 256,000 yen, the National Tax Administration Agency reported Thursday [18 August].

The agency determined the average, as of Jan. 1, after surveying the roadside land values—prices of land bordering on major roads—at 370,000 locations nationwide and uses the average to assess inheritance and land-value taxes for landowners.

The 16.6 percent drop recorded this year follows an 18.1 percent decrease last year in the average value of a square meter of land.

The drop was most drastic in Tokyo with an average fall of 24.3 percent, followed by Osaka at 20.3 percent, Hyogo Prefecture at 16.3 percent, Kyoto at 16.1 percent, and Aichi Prefecture at 14.1 percent, according to the agency's report.

The values of roadside locations have usually been lower than market prices, but in a growing number of cases, especially in metropolitan areas, the reverse appears to be true.

The agency reported an increase of tax statements that have been refiled reporting the market price in place of the roadside land value.

Compared with last year, roadside land values fell in 38 prefectures—three more than the previous year. Only Shimane, Yamaguchi and Saga Prefectures showed increases, the agency said.

For a ninth straight year, the most expensive square meter of land belonged to the Kyukyodo Stationary Store in Tokyo's fashionable Ginza district. The value of the land in the heart of the Ginza was assessed at 20.3 million yen per square meter—a 30 percent drop from last year's 29 million yen.

The average roadside value remained highest in Tokyo at slightly over 1 million yen per square meter followed by Osaka at 582,000 yen and Kanagawa Prefecture at 343,000 yen.

By land utilization, roadside land values decreased an average of 7.2 percent in residential areas, 18.2 percent in commercial areas and 8.1 percent in industrial areas, the agency reported.

FTC Clarifies Clerical Guidelines on Mergers

OW1808084094 Tokyo KYODO in English 0809 GMT 18 Aug 94

[Text] Tokyo, Aug. 18 KYODO—The Fair Trade Commission (FTC) on Thursday [18 August] clarified its inspection standards on mergers and acquisitions in order to facilitate corporate restructuring in Japan.

The antitrust watchdog has revised clerical guidelines on mergers as a way to make inspection procedures more efficient and transparent, an FTC official said.

But the official added the revision does not represent a change in the FTC's basic merger policy, noting the revision has been limited to the clerical aspects of the merger guidelines.

With the clarified version of the guidelines, it will become easier for corporations to detect possible problems involved in planned mergers and acquisitions, and thus easier for them to craft a well-organized merger strategy, the official said.

The revision is in response to proposals made in the government's pump-priming package released in February and a set of deregulation measures announced in June, the official said.

The FTC is supposed to inspect whether or not a particular merger plan constitutes violation of the Antimonopoly Law if certain business developments are anticipated after the merger. But the definition of such developments was not clear previously.

The revised guidelines clarified that a corporation will be subject to inspection, for example, if the merger results in a market share of 25 percent or more by the company.

But an inspection would not immediately lead to an FTC judgment that the company violated the Antimonopoly Law, the official said.

The 25 percent standard should be used only as a benchmark to narrow down the scope of inspection and should not be seen as a threshold to determine the legality of the merger, the official said, noting many companies in Japan misunderstand this point.

The FTC also said in the new guidelines that it will take into consideration import shares by the inspected company when assessing its merger plan.

Even if a market share is anticipated to surpass a certain level after the merger, the plan could be approved if it is judged that competition will not be restricted thanks to large import plans by the company, the official said.

The new FTC guidelines were released at a time when corporate mergers are growing in Japan.

Such deals totaled 3,070 cases in fiscal 1993, up from 1,641 cases in fiscal 1980.

MITI To Back Semiconductor Design Program

942A0554A Tokyo NIHON KEIZAI SHIMBUN in Japanese 9 Aug 94 Evening Edition p 3

[Text] The Ministry of International Trade and Industry [MITI], along with several universities, will embark on the creation of a system devised to upgrade semiconductor circuit design technology at the student level. The details are that MITI will grant funds through an auxiliary organization and have circuits designed by students trial manufactured by domestic manufacturers. It is an attempt to conquer by government and academic cooperation the weak point of the Japanese semiconductor industry which is said to be inferior to the United States in capability to realize advanced systems on circuits.

Supervising this project will be the "Next-Generation Technology Educational Research Environment Advancement Study Committee" (Tokyo University professor Koichiro Ho, chairman) which MITI established with the aim of delving into technical problems embracing the Japanese semiconductor industry. First, the committee selects students from several universities and has them submit circuit diagrams designed by the various students on their own. These are handed over to domestic manufacturers, and semiconductor chips are trial manufactured for them. The students can verify the properties of the circuit via a real semiconductor.

The capital invested by MITI for the first fiscal year is 40 million yen. MITI will pay domestic manufacturers a chip production consignment fee via the New Function Element Research Development Association (Chairman Katsushige Mita, Hitachi chairman), an auxiliary organization that will be the executive office.

The trial manufacture of the chips has been consigned to NTT Electronics Technology (NEL, Musashino city, Tokyo Prefecture, President Takamasa Suzuki) which is a subsidiary of Nippon Telegraph and Telephone (NTT). MITI will immediately implement it for the next two-year period and study the pros and cons of continuing the system.

It is said that design capability incorporating advanced systems on circuits controls the competitiveness of manufacturers in the semiconductor industry. It is necessary to have substantial education from the student level to upgrade this system design capability.

In the United States, there already is the organization "MOSIS" where semiconductor manufacturers trial manufacture chips based on circuits designed by students. Besides not having a similar system in Japan, the work stations and software for designing circuits and trial manufacture facilities for semiconductors are not provided in most universities, and it has been difficult for students to verify circuit performance through the real thing. MITI will select the target universities and students soon and have them submit circuit diagrams at the beginning of next year.

Defense Industry's Group To Study TMD Concept

OW1808044094 Tokyo MAINICHI SHIMBUN in Japanese 17 Aug 94 Morning Edition p 1

[Text] The Japan Defense Equipment Industry Association (chaired by Takashi Kitaoka, president of Mitsubishi Electric Corporation), composed of Japan's 38 representative weapons manufacturers, will set up a group to study the theater missile defense (TMD) concept which is being pursued by Clinton's U.S. administration.

The introduction of a TMD system can run against the provisions of the Constitution which ban Japan's use of collective defense rights, and the government has not yet made its position clear on the question of joining such a system. Hence, this development means the defense industry will launch a full-fledged study program before the government does.

The members of the association's guided arms deparment and the electronic department such as Mitsubishi Heavy Industries, Mitsubishi Electric Corporation, Toshiba Corporation, and Kawasaki Heavy Industries, will be asked join the study group.

The purpose of organizing the group is to consolidate the technology research and development efforts being made by the member companies in their specialty areas on their own. It is aimed at removing walls between the companies and at enabling the free exchange of views. An official of the association expressed strong expectations on this, saying, "We hope the member nations will bring together results on the study programs they are proceeding with on their own so we can begin working on it as a whole industry."

Japan's defense industry has actually started moves toward joining the TMD by actively exchanging information with the U.S. Defense Department and defense industry.

Poor Silicon Supply Threatens Solar Energy Plans

OW1708104794 Tokyo KYODO in English 0831 GMT 17 Aug 94

[Text] Osaka, Aug. 17 KYODO—Japan's effort to promote the use of solar energy for power generation is likely to face a major snag due to a supply shortage of the key material, industry sources said Wednesday [17 August].

The sources said a serious worldwide supply shortage of crystal silicon, the key material for solar batteries, could occur within three years.

The sources said silicon makers give priority to supplying their products to computer chip manufacturers which offer a wider profit margin than battery manufacturers.

Also darkening prospects for the greater use of solar energy are technical problems which make it difficult to dramatically increase crystal silicon production, they said.

Efforts to develop substitute materials have made little progress so far, they said.

Demand for solar power generation for home use is growing steadily as the government provides subsidies for construction of houses equipped with solar power devices, starting in fiscal 1994.

The sources said nearly 80 percent of solar batteries produced in the world are equipped with a crystal silicon-based device to convert solar energy for power generation.

High-quality polycrystalline silicon is mainly supplied to semiconductor makers, with supplies for solar battery production accounting for only 10 percent, the sources said.

Crystalline silicon that fails to pass a rigid inspection for use in semiconductors is diverted to solar battery makers, they said.

The sources predicted that annual demand for polycrystalline silicon for use in solar batteries is estimated to top 1,000 tons around 1997, up from the present 700 tons, causing a serious supply shortage.

Kawasaki Steel Corp. is engaged in a study on the development of a new method to produce polycrystalline silicon for use in solar batteries, but its commercial production is unlikely before 1999.

The company conducts the study at the request of the government's new energy and industrial technology development organization.

Experts say amorphous silicon has a lower energy conversion rate than polycrystalline silicon and there is little possibility that a new substitute material will be discovered in the near future.

Nippon Petroleum Completes Desulfurization Plant

942A0551A Tokyo NIKKAN KOGYO SHIMBUN in Japanese 30 Jul 94 p 9

[Text] Nippon Petroleum Refining (Jiro Yamamoto, president) will complete on 2 August deep desulfurization equipment for light oil (processing capability of 20,000 barrels per day) at its Negishi Refinery (Isoko Ward, Yokohama city); it will go into operation on 25 August. The equipment is the newest commercial plant employing a new process (two-stage hydrogenized desulfurization method) developed by the Nippon Petroleum group.

Besides being able to produce light oil with good hue by this process, it has the special feature of making possible the reduction of construction costs. Kajima Sekiyu has already decided to introduce it, but the Nippon Petroleum group has great expectations for "outside sales," implementing the granting of process licenses to JGC, Chiyoda, Toyo Engineering, and Niigata Engineering.

The deep desulfurization equipment is in response to the obligation to reduce the sulfur content contained in light oil from the current 0.2 percent to 0.05 percent in 1997. Construction began in July last year and construction costs, including attendant facilities, are about 8 billion yen. The contractors are Nippon Oil Engineering and Niigata Engineering.

With previous equipment, it has been necessary to raise the reaction temperature for deep desulfurization and, in addition to exposing the equipment to severe conditions, the desulfurized light oil had the flaw of coloration. As opposed to this, the new process makes the reaction tower a two-stage system for desulfurization and for decolorization, solving the problem that desulfurized light oil is colored in the refining process, and making possible production of a product with good hue.

Moreover, the time needed for the desulfurization reaction is shortened by about one-half, and construction costs can be reduced by being able to make the capacity of the reaction tower small. In addition, the amount of hydrogen that is necessary in desulfurization can be made 10 to 20 percent less than existing deep desulfurization technology, and it has the special feature that a reduction in operating costs also can be realized. The policy of the Nippon Petroleum group will be an attempt to push sales to various domestic petroleum companies and overseas through engineering companies. Kajima Sekiyu already plans to complete equipment with a daily capability of 35,000 barrels with August 1996 as the goal.

Capital Spending Reduction Approaching End

OW1708104494 Tokyo KYODO in English 0940 GMT 17 Aug 94

[Text] Tokyo, Aug. 17 KYODO—The downward trend in Japan's capital spending is decelerating with longstanding reductions approaching an end, the Nippon Credit Bank said in a report released Wednesday [17 August].

The semiannual survey, conducted in late July on 1,659 companies, showed capital spending planning by the whole industry for fiscal 1994, which started April 1, was down by an average 1.1 percent from the previous fiscal year levels, compared with yearly falls of 8.1 percent in fiscal 1993 and 6.5 percent in fiscal 1992.

By industry, 672 manufacturers plan an average 4.8 percent year- on-year reduction in capital spending for fiscal 1994, compared with the 19.7 percent drop in the previous year.

Capital spending planning by electric machinery makers rose 11.9 percent after three consecutive years of decline, while that by automakers inched up 1.0 percent after three straight years of double-digit drops.

Material businesses such as steel, paper and pulp, and chemicals, however, still plan sharp cuts in capital spending for this fiscal year.

Meanwhile, 875 nonmanufacturers, except electric power and leasing companies, plan an average 5.8 percent decrease in capital spending with construction and real estate sectors sharply reducing such spending.

The decline is, however, smaller than the 12.6 percent fall in fiscal 1993.

Supermarkets notably increased capital spending planning by 10.6 percent after the 4.2 percent decrease in the previous year.

Of the manufacturers surveyed, 301 smaller businesses with a capital of less than 1 billion yen plan an average 9.3 percent rise in capital spending after an 18.1 percent drop in the previous year.

For fiscal 1995 which starts next April, the whole industry plans an average 0.9 percent yearly drop in capital spending, almost the same level as this fiscal year.

Creation, Burst of Bubble Economy Analyzed

942A0408A Tokyo EKONOMISUTO in Japanese 14 Jun 94 pp 58-66

[Article by Yoshikazu Miyazaki, Kyoto University professor emeritus: "Creation of Bubble and Its Burst"]

[Excerpts] *This writer, who considered the current recession to be a "compound recession" as a mix of cyclical factors and stock factors, reads the figures in the total process from bubble creation to bubble burst in the SNA [System of National Accounts]'s "adjustment account," and will prove the accuracy of his theory. In spite of the rises and declines in the adjustment account graphically depict the creation of huge capital gains (losses) and also the burst of the bubble, why did the EPA [Economic Planning Agency] consider them "insignificant?"*

Total Assets and National Wealth Decline for First Time

The "Economic White Paper" announced on 27 July 1992 states as follows.

"The impact on business by the 'bubble' creation and burst shows that the minus effects (reverse assets effect) appear to be insignificant."

"The 'bubble' burst itself is a factor in the slowdown in recovery of plant and equipment investment, but it does not have a serious ill effect on the recovery" ("Introduction," pp 4-5).

The reason for such an optimistic judgment by the EPA is probably that it first predicted the scale of the bubble creation and bubble burst before anything else, and observed that it was insignificant.

However, according to the "National Assets and Term-End Debt Balance in Calendar 1992" in the FY92 SNA announced by the EPA on 24 December 1993, Japan's total assets (tangible assets and financial assets) at the end of calendar 1992 was 6,925 trillion yen, 3.6 percent (259 trillion yen) less than at the end of 1991 (See Table 1). There is an added comment that "the total assets dropped for the first time since 1955 when the statistics were first started" (SNA Quick Estimation, 1994 edition p 19).

In addition, the net assets representing the national wealth also decreased (See Table 1). A drop of 107 trillion yen (3.0 percent) was seen for the first time in 1991, followed by another consecutive decline of 163 trillion yen (4.7 percent) in 1992. Thus, a total fall of 270 trillion yen in two consecutive years took place in net assets (national wealth) for the first time since Japan's national wealth statistics began in 1955.

In terms of the corporate balance sheet, it means that Japan's economy literally showed a deficit settlement for two consecutive years.

The EPA's optimistic forecast quoted at the outset was officially and decisively negated according to the FY91 and FY92 "SNA's."

To divert somewhat, this is not the first time the national wealth declined from the previous year if we look back to prewar days. The record shows that the national wealth suffered losses twice. Once, the national assets dropped because of the Great Kanto Earthquake, and the second losses were due to the Pacific War. According to the "Survey on Damage to National Assets Caused by the Great Kanto Earthquake" conducted by the City of Tokyo in 1925, the total damages in the seven prefectures of Tokyo, Kanagawa, Shizuoka, Yamanashi, Saitama, Chiba, and Ibaraki reached 5.27457 billion yen (5.15 percent of the 102.34 billion yen in the 1924 National Wealth Survey). Also, the "Survey on the National Wealth Damage to National Wealth Caused by the Pacific War" was announced in April 1949 by the then Economic Stabilization Board. The total damage (only the "assets portion of the general national wealth") was 64.278 billion yen. The former depended on the Taisho era (1898-1912) type of estimating national wealth statistics, while the latter faithfully followed the

National Wealth Survey (1925 survey) before and after the war. In particular, the latter also estimated the so-called "nondamaged, hypothetical national wealth" that could be assumed if it were not for the war damages and announced it as 253.13 billion yen. The damage ratio is as much as 25.4 percent. Therefore, the national wealth balance at the war's end could be calculated by subtracting the total damage from the nondamage hypothetical national wealth, which is 188.852 billion yen.

The loss of national wealth in the two cases were due to natural catastrophe and military catastrophe respectively. However, the loss in national wealth of 107 trillion yen at the end of 1991 (3.0 percent) and the loss of 163 trillion yen (4.7 percent) at the end of 1992 were based on an entirely different economic factor (recession). It therefore requires a more detailed examination.

Table 1. Transition of National Assets Balance (Market Prices Shown)
(Unit: trillion yen)

	1987	1988		1989		1987-89	1990		1991		1992		
	Balance	Balance	Ratio to Prior Year	Balance	Ratio to Prior Year	Contribution Rate	Balance	Ratio to Prior Year	Balance	Ratio to Prior Year	Balance	Ratio to Prior Year	
Total National Assets	5,341	5,990	12.2	6,871	14.7	100.0	7,153	4.1	7,184	0.3	6,925	-3.6 (*-259)	
Net assets = National wealth	2,577	2,799	8.6	3,204	14.5		3,541	10.5	3,434 (*-107)	3,271	-4.7 (*-163)		
1. Tangible assets	2.541 (47.6)	2,762 (46.1)	8.7	3,166 (46.1)	14.6	40.8	3,492 (48.4)	10.3	3,382 (46.9)	-3.6	3,205 (46.3)	-4.7	
Net fixed assets	755	806	6.8	889	10.3	8.8	972	9.3	1,050	7.3	1,100	5.5	
Housing	173	182	5.2	201	10.4	1.8	218	8.5	229	5.0	237	3.5	
Nonreproducible tangible assets	1,721 (32.2)	1,889 (31.5)	9.8	2,204 (32.1)	16.7	31.6	2,443 (34.2)	10.8	2,253 (31.3)	-8.1	2,253 (31.3)	8.1	2,025 (29.2
Land	1,673	1,839	9.9	2,153	17.1	31.4	2,389	11.0		2,197	-8.3 (*-192)	1,968	10.2 (*-229
2. Financial assets	2,800 (52.4)	3,229 (53.9)	15.3	3,705 (53.9)	14.7	59.2	3,661 (51.6)	-1.2	3,802 (53.1)	3.9	3,720 (53.7)	-2.2	
Long-term bonds	325	347	6.8	360	3.7	2.3	372	3.3	383	3.0	408	6.5	
Securities	473	669	41.43	890	33.0	27.3	594	-33.3 (*-296)	587	-1.2 (*-7)	402	31.7 (*-185)	
Nominal GNP in calendar year	348	371	6.6	396	6.7		425	7.2	451	6.3	464	2.8	

(Source) "Quarterly SNA" No.92 and "SNA" 1994 edition
() Component ratio
(*) Gain/Loss amount

Gap Between Stock and Flow

First, there is a noteworthy fact. The SNA, which indicates the rise of a total loss of 270 trillion yen in two consecutive years in the national wealth (stock), estimates the annual (calendar) growth rate of the GDP [Gross Domestic Product, flow] for 1991 and 1992 as pluses, both nominally (6.3 percent in 1991 and 2.8 percent in 1992) and substantively (4.3 percent in 1991 and, 1.1 percent in 1992) (See Table 3, extreme right column).

Going a step further, the breakdown of the GDP for calendar 1992 (464 trillion yen) (See Table 2, column B) shows final consumer spending as 308 trillion yen, total capital formation as 145 trillion yen, and a gap of 11 trillion yen between exports (47 trillion yen) and imports (36 trillion yen) of goods and services. A further look at column B shows that the total capital formation of 145 trillion yen, which is a component of the GDP, consists of 73 trillion yen in fixed capital (natural) decrease and 72 trillion yen in net capital formation. In effect, we see that the nominal GDP in 1992 created net capital formation or net investment of 72 trillion yen, and that the net increase in tangible assets at the end of 1991 was 72 trillion yen.

Thus, according to the SNA for calendar 1992, despite the fact that, in the estimates of the nominal GDP (flow), the net capital formation or net investment shows a rise of 72 trillion yen, the national assets balance (stock) dropped by 259 trillion yen from the previous year, and the national wealth = net assets (stock) also dropped by 163 trillion yen from the previous year.

Such strange gaps are seen in the SNA for the first time. How is the account trying to adjust and explain them? This is the question posed by this article. [passage omitted]

Table 2a. Outline of SNA

(Unit: trillion yen)

A	B	C (= A + B)	D	E
National assets at end of 1991: 7,184	Net capital formation: 72	7,373	Adjustment at end of 1992: 448	National assets at end of 1992: 6,925
Tangible assets: 1,050	Net capital formation: 72	3,454	-249	Tangible assets: 3,205
1.Inventory: 79	Inventory increase: 2	81	-1	1. Inventory: 79
2. Net fixed assets: 1,050	Net fixed assets increase: 65	1,115	-15	2. Net fixed assets: 1,100
3. Land/Others: 2,253	Increase from land/others: 5	2,258	-233	3. Land/others: 2,025
Financial assets: 3,802	Fiancial assets increase: 117	3,919	-199	Financial assets: 3,720
Securities: 587	Securities decrease; 7	580	-178	Securities: 402

(Source) "SNA" 1994 edition

Table 2b. Outline of SNA

(Unit: trillion yen)

	End of 1991	End of 1992
Total national wealth	3,434	3,271
Tangible assets	3,382	3,205
External net assets	52	66

(Source) "SNA" 1994 edition

Table 2c. Outline of SNA

(Unit: trillion yen)

Calendar year nominal		Fin 308 consum spending
Total capital formation	145	
Net capital formation	72	
Fixed capital decrease	73	
Goods/services (export/import)	11	
GDP	464	
Net receipt of overseas factor income	4	
GNP	468	

(Source) "SNA" 1994 edition

Table 3. Fluctuations in Capital Gain (Loss)

(Unit: trillion yen)

Calendar year	National assets at beginning of term	Capital transactions	Adjustment	National assets at end of term	National wealth = net assets	Calendar year GDP growth rate	
						Nominal	Substantive
1970	499	64	27	591	296 (2)	15.8*	8.1*

1971		72	39	702	353 (3)	10.2*	5.2*
1972		100	130	932	473	14.7*	8.4*
1973		119	127	1,178	624	21.8	7.6
1974		104	18	1,301	686	19.3	-0.6
1975		112	26	1,439	740	10.5	2.9
1976		132	57	1.628	815	12.3	4.2
1977		126	28	1,782	884	11.4	4.7
1978		158	92	2,032	989	10.1	4.9
1979		167	137	2,336	1,166	8.4	5.5
1980		155	152	2,643	1,339	8.4	3.6
1981		177	99	2,919	1,476	7.4	3.6
1982		171	41	3,131	1.572	4.9	3.2
1983		178	48	3,357	1,633	4.1	2.7
1984		200	60	3,618	1,715	6.7	4.3
1985		208	110	3,936	1,837	6.6	5.0
1986		263	337	4,536	2,114	4.4	2.6
1987		343	462	5,341	2,577	4.1	6.1
1988		333	316	5,990	2,799	6.6	6.2
1989		378	503	6,871	3,204	6.7	4.7
1990		316	-34	7,153	3,541	7.2	4.8
1991		239	-208	7,184	3,434	6.3	4.3
1992		189	-448	6,925	3,271	2.8	1.1

(Source) "SNA" 1994 edition
() External net assets within national wealth
* = FY GNP growth rate

The SNA uses the "physical approach method" in estimating both the aforementioned GDP and the GNP.

It is based mainly on data on goods and services and has the merit of being linked to the interindustry relations table. The total capital formation estimated by the physical approach method is 145 trillion yen (Table 2). If the fixed capital (natural) decrease of 73 trillion yen created during the year 1992 is subtracted from this, the result is a net capital formation of 72 trillion yen.

The breakdown of the net capital formation is an inventory increase of 2 trillion yen, a net fixed assets increase of 65 trillion yen, and land and other unreproductible tangible assets increase of 5 trillion yen (See Table 2, column B). Adding the annual increase of 117 trillion yen from financial assets (cash, deposits, bonds, stocks, loans, and sales credits) to the net capital formation of 72 trillion yen results in the annual capital procurement (net increase of national assets because of capital transactions) of 189 trillion yen.

The value of 7,373 trillion yen at the top of column C results by adding the net capital formation and financial assets increase (column B) respectively to the components (Table 2, column A) of the term-beginning national assets in 1992—based on the SNA, by linking the net national assets increase (flow) from annual capital transactions to the national assets (stock) at the beginning of 1992.

What Is the Adjustment Account?

However, it does not necessarily coincide with the national assets of 6,925 trillion yen (column E) in the market prices displayed at the end of 1992. The reason is that the assets price changes that occurred during the year, or capital gain/capital losses, are not reflected.

The SNA has consistently used the procedures of the physical approach method in computing column C and has established the adjustment account in order to adjust the price changes in the final stage.

The adjustment account adjusts changes from the standpoint of the term-end national assets (column C) which cannot be explained by column C. It "adjusts the differences in the evaluation methods and concepts" between columns E and C. According to the 1994 edition of the SNA, the following concepts are included in the account:

1) Reevaluation because of price changes, 2) increase of newly distributed SDR's by the IMF, 3) adjustment based on unforeseeable situations, 4) net increase in prices of tangible assets excluded from the capital procurement account, 5) adjustment because of changes in

systemic components and classifications, 6) termination of purchased nonfinancial intangible assets, 7) mismatch and discontinuity from a statistical standpoint

Of the above, evaluations adjustments are made regarding 1). For example, assets and debts in the capital procurement account (column B) are evaluated at the prices at acquisition time, and assets/debts at the beginning of the term (column E) in the balance sheet account are also evaluated at term-beginning prices while term-end assets/debts (column E) are evaluated at term-end prices.

This explains most of the term-beginning and term-end realized or unrealized capital gains/capital losses.

Furthermore, it is explained in terms of evaluation adjustment (SNA Quick Estimation, 1994 edition, pp 582-583) in the balance sheet (column E) that, whereas the net fixed assets are derived by using the fixed capital decrease indicated by the reprocurement prices (market prices), the fixed capital decrease in the capital procurement account (Table 2a, column B; and Table 2c) is indicated at book prices.

However, the values of the adjustment account (column D) are not estimates based on a set procedure but are computed as differences between estimated values (column C) and the actual values (column E).

The actual values in column E are in principle indicative of market prices. In particular, regarding the securities assets with large adjustments, the closing prices for blue chip stocks in the stock exchange's final session of the year are used. Also, regarding real estate values for which unified market prices are not formed, a variety of appraisal values are used as reference for evaluation, such as publicly announced land prices, land price standards based on prefectural surveys (under the National Land Agency), and real estate appraisal values.

As a result, in the 1992 adjustment account (column D), the minus breadth was 448 trillion yen, and national assets dropped by 259 trillion yen (3.6 percent) compared to the end of the previous year for the first time (column E). Net assets (national wealth) calculated on that basis also fell by 163 trillion yen at the end of 1992, following a 107 trillion yen loss in 1991. [passage omitted]

Let us now return to the question posed previously in this article. As was mentioned before, according to the calendar 1992 SNA, although the net capital formation shows an increase of 72 trillion yen in the estimate for the nominal GNP (flow), the national assets balance (stock) fell 259 trillion yen from the previous year and the national wealth = net assets (stock) also dropped 163 trillion yen from the prior year.

This strange and unprecedented gap in the SNA is solved principally by the adjustment account which shows the price adjustment amount as was mentioned before.

Loci of Bubble Creation and Bubble Burst

As was explained before, the adjustment account in the SNA approximates annual capital gain and capital loss. Normally, however, a bubble is defined as "the portion in which the actual asset prices have been separated from the fundamentals prices." Therefore, capital gains and capital losses cannot be regarded per se as constituting a bubble.

Normally, for example, "cases where the stock price of a company that succeeds in epochal technological innovation rises, or a new railroad construction plan is decided and the land prices along the planned route go up," or "a case where hitherto unknown information is revealed and asset prices fluctuate widely, reflecting changes in the expected values," are rises in fundamentals prices and are not called bubbles ("Economic White Paper," 1991 edition, Chapter 2: "Changes in Assets Prices and the Business Cycle"). However, these factors are individual factors of specific targets. Consequently, they probably reflect on term-beginning national asset prices and, particularly on transaction prices during the term.

Based on these points, when viewed as the first approximate values from the standpoint of macro statistics, the increases/decreases in the adjustment account can be considered to reflect the bubble creation and bubble burst.

Table 3 shows the results of the SNA from 1970 to 1992.

The adjustment account during the eight years of 1972-73, 1979-80 and 1985-92 is notable for surpassing 100 trillion yen annually.

The period from the latter half of 1972 to 1973 was the boom period of the so-called "Reconstruction of the Japanese Islands" theme (20 June 1972). First, land speculation arose, followed by stock market speculation. Land values rose annually by 30 percent, and the turnover in the Tokyo Stock Exchange on 14 November 1972 (buying and selling) exceeded one billion shares. The turnover during the year 1972 set a new record with a total of 100.2921 billion shares in the 1st and 2nd listings. National assets during the two years increased by 230 trillion yen (32.8 percent) in 1972 and by 246 trillion yen (26.4 percent) in 1973. Therefore, the national wealth (net assets) also rose sharply by 120 trillion yen (34.0 percent) in 1972 and by 151 trillion yen (31.9 percent) in 1973.

In the SNA, the total adjustment amount of land/others during this two-year period exceeded 165 trillion yen while the stock adjustment amount also rose to 35 trillion yen, both recording a total capital gain of 200 trillion yen (See Table 4) which is clearly a bubble creation.

Table 4. Adjustment Amounts of Land and Others
(Unit: trillion yen)

Calendar year	Land and others		Stocks	
	Capital transactions	Adjustments	Capital transactions	Adjustments
1972	2.26	82.94	2.62	32.87
1973	1.43	82.07	1.87	2.05
1979	2.50	102.40	2.25	9.49
1980	2.92	110.79	1.51	0.64
1985	3.34	72.88	4.80	33.78
1986	3.41	251.85	11.47	121.38
1987	3.53	412.94	22.11	76.05
1988	3.80	164.23	18.60	177.49
1989	4.11	311.70	27.31	193.59
1990	4.43	233.66	11.20	-306.75
1991	4.99	-194.12	-2.98	-4.85
1992	4.97	0233.25	-6.69	-178.02

(Source) "SNA" 1992 edition

All capital gains and capital losses in the SNA are added to the term-end national assets balance. However, among them, the capital gains and capital losses of financial assets such as securities are not added to the national wealth.

Next, we come to 1979 and 1980. This period was after the first oil shock when the government introduced such business stimuli as a transition to "a new pricing system" (1974) and issued national bonds (beginning with a 2 trillion yen construction bond issue in 1975, 7.28 trillion yen in 1976, 8.48 trillion yen in 1977, 10.99 trillion yen in 1978, and 15.27 trillion yen in 1979—of which 8.06 trillion yen was in deficit bonds). As a result, land prices rose, centering on residential land in the three large metropolitan areas. In 1980, they rose by a record 9.6 trillion yen annually.

Consequently, the SNA recorded 213 trillion yen in capital gains mainly from land during 1979-80 in the adjustment account. It comprises 73.7 percent of the total adjustment account of 289 trillion yen for the two years. During this period, national assets increased 304 trillion yen in 1979 (15.0 percent) and 307 trillion yen in 1980 (13.1 percent). Therefore, the national wealth also rose by 177 trillion yen in 1979 (17.9 percent) and by 173 trillion yen (14.8 percent) in 1980 (See Table 4).

"Compound Recession" Proved

Regarding the bubble creation and the bubble burst, particularly noteworthy were the seven years of 1986 and thereafter. The first four years (1986-89) form the "creation" period and the last three years form the "burst" period. The capital gains during the four years from 1986 to 1989 that appear in the adjustment account (column D) of the SNA reached a total of 1,618 trillion yen (Table 3). The breakdown shows the creation of capital gains from land/others during the five years from 1986 to 1990 totaling 1,374 trillion yen, and capital gains from securities during the four years from 1986 to 1989 totaling 586 trillion yen (Table 4). The national assets balance also rose sharply during the four years (1986-89) by 2,935 trillion yen (74.6 percent), and the national wealth skyrocketed during the five years (1986-90) by 1,704 trillion yen (92.8 percent). It is a true bubble creation. It can also be assumed that Japan entered a bubble economy (sharp rise in capital gains) in 1986.

In 1990, the burst of the bubble economy began with a decline in stock prices, recording a capital loss of 306.75 trillion yen for the first time (See stock adjustment column in Table 4).

In 1991, a decline in land prices also began, and a capital loss of 194.12 trillion yen from land/others appeared for the first time. Therefore, in 1990 and later, capital losses arose in the term-end national assets balance (34 trillion yen in 1990, 208 trillion yen in 1991 and 448 trillion yen in 1992, totaling 690 trillion yen during the three years). Among them, capital losses from land/others during two years totaled 427.37 trillion yen, and during three years capital losses from stocks totaled 489.62 trillion yen (See Table 4). Therefore, the evaluation losses in the national wealth for two consecutive years were 107 trillion yen in 1991 and 163 trillion yen in 1992, meaning that the national assets balance also recorded a deficit of 259 trillion yen in 1992 for the first time.

As is clear from the results in the SNA, the current recession does not simply indicate a decline in the GDP growth "flow" rate but is also accompanied by a drastic drop in the national assets balance (stock) and represents a so-called "compound recession."

It is believed that, if the government had accurately grasped the significance of the adjustment account in the

SNA, it should have focused on the sharp expansion in 1986 and thereafter and quickly suppressed the rise of the bubble as well as prevented the bubble burst.

Instead, the Bank of Japan lowered the official discount rate [ODR] from 1986 to 1989. It cut the rate on 30 January 1986 by 0.5 percent to 4.5 percent, on 10 March 1986 to 4.0 percent, on 21 April [1986] to 3.5 percent, on 1 November [1986] to 3.0 percent, and on 23 February 1987 to 2.5 percent, or five times in about a year and one month. It also maintained the 2.5 percent rate for two years and three months until 30 May 1989. During this time, the capital gains recorded in the adjustment account reached a cumulative total of 1,618 trillion yen (Table 3).

The basic policy of the government's economic policy focused Japan's economy on domestic demand since the Plaza Accord of Sepember 1985, and in the process directed it solely toward correcting the external imbalance. The basic concept of the Maekawa Report announced on 6 April 1986 (Economic Structural Adjustment Study Group for International Cooperation) was also within that framework. The policy placed priority on the correction of the imbalance.

Toward that end, the Nakasone cabinet implemented such financial stimuli as the "General Economic Policy" in September 1986 (3.6 trillion yen) and the "Ad Hoc Economic Measure" in May 1987 (about 6 trillion yen). The Bank of Japan, as if in concert, lowered the ODR five times from January 1986 to February 1987 and, even after the "high-yen recession" (July 1985 to November 1986) subsided, it kept the rate at 2.5 percent until May 1989 under a financial deregulation policy from the standpoint of seeking further expansion of domestic demand to correct the external imbalance, and never paid attention to the rise of capital gains.

Problem in Government's Awareness

The "Economic White Paper" (1993 version) also admits that "such policy operations not only brought on a long business expansion, but also played a large role in reducing the external surplus. On the other hand, it undeniably helped to pave the way for the bubble creation" (Chapter 2, paragraph 5—"Lessons From the Recent Bubble"). It also recalls the following. "Providing the backdrop was a failure to respond immediately with policy measures to the skyrocketing asset prices, and it is important to consider that there was no national consensus that the stock and land prices at the time were creating a bubble. Nor was there an adequate awareness concerning the enormous national economic costs of the bubble such as distortions in the housing problem and resources distribution" (Chapter 2, paragraph 5).

This indicates that the EPA ignored trends in the SNA adjustment account. It had not moved very far from its perception that the adjustment account was intended to adjust changes in the national assets between the term beginning and end, which could not be explained by the capital transactions account based on the physical approach method, and that errors were inevitable due to fluctuations in the asset values. In fact, the calculations in the adjustment account were merely confirmed ex post facto at the term-end and were never reflected in the quarterly GDP calculations.

However, when the national economy becomes prosperous, when the importance of land/other nonreproducible and tangible assets among national assets grow higher relative to financial assets, when the sum total of both exceeds 85 percent of total assets, and when an upheaval in asset values creates a so-called "casino capitalism" which shakes the overall national economy, it inevitably does not stop with added values from "flow" physical productivity in the corporate and household budgets. A systematic understanding becomes especially crucial concerning capital gains and capital losses from not only "flow" asset values such as interest/dividends and compensation for services including rental fees, but also from the use of stocks as so-called "financial technology." It is necessary in the future to be fully aware of the trends and to avoid repeating past mistakes.

Nissan, Japan Telecom Start Mobile Phone Venture

OW1808104194 Tokyo KYODO in English 0905 GMT 18 Aug 94

[Text] Tokyo, Aug. 18 KYODO—Nissan Motor Co. and Japan Telecom Co. announced Thursday [18 August] they will establish a joint venture company to engage in the mobile phone business in western Japan.

An office will be established in Hiroshima to prepare for the setting up of digital Tu-Ka Chugoku Co. in October, which will also involve local companies, officials said.

The move follows establishment of a similar joint venture firm in March in Kyushu, they said.

The two companies agreed to cooperate in the mobile phone business in areas other than the Tokyo, Tokai and Kansai regions.

Desalination Plants To Ease Water Shortage

OW1708104394 Tokyo KYODO in English 0951 GMT 17 Aug 94

[Text] Tokyo, Aug. 17 KYODO—The Health and Welfare Ministry will recommend the construction of large-scale desalination plants to ease the chronic national water shortage in the country, officials said Wednesday [17 August].

The ministry will recommend the appropriation of some 10 billion yen to offset the construction of three plants near cities prone to water shortages in its budget proposals for the coming fiscal year starting next April 1, the officials said.

Since fiscal 1992, the ministry has subsidized part of the cost of construction of such plants for local governments, but so far only one site in Okinawa Prefecture has taken up the offer.

In addition to promoting the idea with local governments, the officials said the ministry will encourage them to use the heat generated by garbage incinerators to reduce the relatively high operating costs.

Electricity accounts for about 60 percent of the running costs of a desalination plant.

Compared to the some 45 yen per ton of water in purification costs for dam water, desalination plants have relatively high running costs at some 126 yen per ton of water.

If linked to garbage incinerators, however, these could be reduced to somewhere between 50 and 60 yen per ton, the officials said.

Desalination plants rely on a semipermeable membrane to separate fresh water from salt water, yielding about 40 percent of salt water intake as fresh water.

The officials said that the ministry is promoting the plants because dams take more than 20 years between planning and because the number of dams costing more than 100 billion yen is increasing.

Desalination plants take only three years to build, and have lower reticulation costs because they can be built closer to towns they serve.

North Korea

Russia Regards Geneva Accord With 'Satisfaction'

SK1808103694 Pyongyang KCNA in English 1013 GMT 18 Aug 94

["Russian Foreign Ministry Spokesman Hails Results of DPRK-U.S. Talks"—KCNA headline]

[Text] Moscow, August 16 [date as received] (KCNA)—The director of the Information and Press Department, who is the spokesman for the Ministry of Foreign Affairs of Russia, told a weekly news briefing on the world situation today that Moscow had received with satisfaction the agreed statement published at the end of the third round of DPRK-U.S. talks.

He said that the agreement reached in the course of the third- round DPRK-U.S. talks could be the basis for a package solution to the issues of the Korean peninsula, he said. Russia had supported and was now supporting such a package solution to the complicated Korean question, he added.

News Conference by Defectors to North Reported

SK1808042994 Pyongyang KCNA in English 0407 GMT 18 Aug 94

[Text] Pyongyang, August 18 (KCNA)—South Korean defectors who are living a worthy life as the masters of the country in the DPRK called a press conference here on Wednesday.

Present on the occasion were defectors Yu Song-kun, Choe Sok- man, Yi Chang-su, Kim Yong-kyu, Yang Yong-sik, Kim Tae-sik and Kim Chae-su and their families.

Newspaper, news agency and radio reporters in Pyongyang and the visiting news coverage group of the BBC were also present.

At the press conference, the defectors first elaborated on the worthy work they do for the prosperity and development of the country in different sectors of the national economy according to their hope and demand after coming over to the DPRK.

They said they have been married, send their children to schools free of charge, enjoy a happy life without any worry about food, clothing, housing and medical care and struggle for the reunification of the country, the cherished desire of the nation. They also said they lived a miserable life in South Korea, subjected to subhuman treatment unfit for human beings.

They said they felt more deeply through their experience that the DPRK is a welfare society, a man-centred society where the idea of "believing in the people as in heaven" has been carried into reality.

The news coverage group of the BBC asked them about the motive of their defection to the DPRK.

The defectors unanimously said they were disillusioned about South Korean society where elementary liberties and rights of humanity are totally trampled down, so they came of their own free will over to the DPRK where human dignity and happiness are firmly guaranteed.

Noting that the Kim Yong-sam puppet clique is crying over "kidnapping by the North," "persecution," "house arrest" and "suicide" as regards those who defected to the DPRK, looking for the cradle of happiness, they denounced it as a sheer false propaganda reversing black and white and expressed towering indignation at it.

They said the Kim Yong-sam group is making a fuss about the "human rights" problem after they failed to mar the image of the DPRK over the "nuclear issue."

They asked where the Kim Yong-sam traitor clique got the face the cheek to talk about "human rights" after turning South Korea into the worst grave of human rights in the world.

They branded the South Korean authorities' fuss about "human rights" as a drama to save their "government" from a dilemma. With no trick can the South Korean authorities attain their sinister objective, the defectors said.

They bitterly denounced the chief executive of South Korea, a maidservant of the "agency for national security planning," for suppressing the South Korean people and students who mourned the death of respected President Kim Il-song, the great father of the nation.

They said this is the true picture of the South Korean authorities who are making much ado about "human rights."

ROK Students' Denouncement of 'Supression' Noted

SK1708052294 Pyongyang KCNA in English 0405 GMT 17 Aug 94

[Text] Pyongyang, August 17 (KCNA)—More than 4,000 students affiliated with the South Korean Federation of General Student Councils (Hanchongnyon) gathered in Konguk, Hanyang and two other universities in Seoul Monday night to denounce the illegal suppression of the Pan-National Rally (PNR) and close the reunification festival of students, a Seoul-based radio reported.

Recalling that the PNR had to be forced in the teeth of brutal suppression by the Kim Yong-sam group, they bitterly condemned its anti-reunification criminal acts and vowed to rise up more vigorously in the struggle for the independent reunification of the country.

They had been holding PNR at Seoul National University from August 14 and when the fascist police sprayed liquefied teargas on them from helicopters in the daytime of the 15th, they slipped out of the university and regrouped in Konguk and other universities, said the radio.

Liberation Day Speech by Kim Yong-sam Denounced

SK1808103194 Pyongyang KCNA in English 1011 GMT 18 Aug 94

["No One Will Deal With Traitors"—KCNA headline]

[Text] Pyongyang, August 18 (KCNA)—Papers here today comment on Kim Yong-sam's "ceremonial speech addressed to the 49th anniversary of national liberation."

NODONG SINMUN in a by-lined commentary titled "No One Will Deal With Traitors" says:

Kim Yong-sam's "speech" can be assessed, in a nutshell, as an extremely shameless, arrogant and malicious one in which he advertised his group's "achievements," hurled mud at the North of the same nation with malice and openly revealed his sinister intention, casting covetous eyes upon the other side.

Reeling off "civilian politics" and "reform and opening" after his assumption of office, Kim Yong-sam claimed that "the foundation of democracy" has settled down in South Korea. This is the height of shamelessness.

The curtain dropped on his "reform" with building of a "pro- government system" and reinforcement of the system of dictatorship.

The stark reality of South Korea is that the repressive Armed Forces involving the "Agency for National Security Planning," the "secret affairs command," the fascist prosecution and police are generally mobilized in violating the elementary human rights of people on the strength of the anti-democratic, anti-reunification "National Security Law" under the "new security-oriented rule" which puts the military fascist dictatorship into the shade.

Although Kim Yong-sam advertised "opening" as his "achievement," it is a clumsy trick to whitewash his treacherous acts such as rice market opening to outside forces which meant cutting the lifeline of the South Korean people.

In his "speech" Kim Yong-sam said he laid stress on the reunification question and the North-South relations. But his argument is unrealistic and does not deserve even a passing note.

At a time when the entire fellow countrymen wish to see the reunification of the country in the 1990s, he wanted to delay it, saying it must be "gradual" and "step-by-step." It is a challenge to the nation's desire for reunification. By "unification" he means "unifying the country by prevailing over communism." He said the basic philosophy of unification was centred on "freedom and democracy." This means extending the colonial dependent system and fascist dictatorial system of South Korea to the North.

Turning his back on the fair reunification formula proposed by fellow countrymen, he dreams of extending the colonial fascist dictatorial system which even the South Korean people oppose and vow to overthrow. This is a jargon of those obsessed with the ambition for "unification by prevailing over communism."

Kim Yong-sam also talked about "implementation of the basic agreement and the joint declaration," "cooperation and assistance," "confidence" and "door kept open for dialogue." This is a disgusting sophism to conceal his separatist, treacherous nature.

He also got on the nerves of the North over "human rights problem" and "nuclear issue."

As for the human rights problem, Kim Yong-sam has no face to raise it after being reproved by his master for his human rights violations under the "National Security Law."

Those who the puppets allege were "kidnapped" called press conferences lately and said they were disillusioned about the South Korean social system, so they defected to the North of their own accord and now enjoy a happy life.

Kim Yong-sam attempted to belittle the success made at the third round of DPRK-USA talks and put a spoke in the wheel of DPRK-USA relations, arguing for "transparency of nuclear activities." At the DPRK-USA talks, we already quoted the old saying: "The dogs bark, the caravan moves on".

As for the nuclear issue, the South Korean rulers are advised to mind their own business by stopping their nuclear arms development.

The entire nation including the South Korean people no longer regard Kim Yong-sam as a fellow countryman and a human being and no one will deal with him.

Although Kim Yong-sam tries to find a way out in such fascist law as the "National Security Law," he will unavoidably go to his grave with the "National Security Law."

A news analyst of MINJU CHOSON says: The "speech" of Kim Yong- sam the puppet is run through with most shameless, arrogant and provocative remarks. This is sign of the downfall of a doomed mortal forsaken by the nation.

More Denunciation of ROK Repression of Rally

SK1808085694 Pyongyang Korean Central Broadcasting Network in Korean 1223 GMT 17 Aug 94

[Commentary by Kim Ho-sam: "Only People's Stern Judgment Awaits Antireunification Forces"]

[Text] The Kim Yong-sam group is further intensifying repression of patriotic reunification forces in South Korea.

According to a South Korean broadcast report on 16 August, the puppet police agency arrested a total of 1,244 innocent citizens throughout South Korea, claiming they were involved in the fifth pannational rally. The police are now investigating 1,232 of them to charge them with violating the National Security Law [NSL]—a reactionary murderous evil law—and the law on assembly and demonstrations.

Of those charged, 546 are from the Pusan area, 440 are from the North Cholla Province area, 126 are from the South Cholla Province area, and 105 are from Seoul.

Such a wholesale roundup by the KimYong-sam group is another example of barbarous oppression of patriotic reunification forces in South Korea, who are advancing toward independence, democracy, and reunification, and is another crime against our 70 million fellow countrymen and progressive people of the world.

The South Korean ruling bunch's barbarous act evoked surging indignation of all Korean people. As reported, the South Korean murderous fascist clique resorted to various frantic maneuvers to block the fifth pannational rally, which was arranged by the collective will of all Korean people in the North, South, and overseas. Even after the rally opened, the fascist clique committed all kinds of illegal, unreasonable, and bestial acts in a bid to disperse the rally.

As the fifth national rally finally opened, the rascals mobilized more than 10,000 police troops led by armored cars and indiscriminately fired tear gas. They committed a barbarous act by driving police troops into Seoul National University [SNU] campus where the rally was being held.

As the Kim Yong-sam group failed to block the fifth pannational rally, even with such bestial oppression, it mobilized approximately 10,000 riot police and five helicopters during the closing event of the rally and fired four tons of tear gas in areas around the SNU campus, thus unhesitatingly committing a brutal act. Seeing such barbarous acts by the rascals, foreign reporters on the spot reported that the scene reminded them of a fierce battlefield.

During the period of the fifth pannational rally, the rascals waged a murderous wholesale roundup unprecedented in history. In addition, the rascals detained 1,232 patriotic reunification forces by charging them with violating the NSL—a notorious unreasonable antireunification evil law—and the law on assembly and demonstrations. Thus, the rascals are attempting to offer the patriotic reunification forces as fodder of the Agency for National Security Planning. Can there be more vicious hooligans than these rascals in the world and can there be a more murderous and barbarous fascist act than this?

Through its act taken during the recent fifth pannational rally and repressive barbarous act taken thereafter, the Kim Yong-sam civilian fascist clique fully showed itself to be ruled by a fanatic preposterous dictator unrivalled in the world.

Moreover, the Kim Yong-sam group is scheming to oppress and eradicate the South Korean patriotic reunification figures by committing more grave sins with each passing day. On 16 August, a spokesman of the Democratic Liberal Party [DLP] raved that the fifth pannational rally was manipulated by North Korea as part of its united front reunification strategy against South Korea.

This is a smear designed by hooligans of Kim Yong-sam's DLP to more mercilessly punish the participants of the pannational rally by unreasonably linking them with North Korea.

No matter how fanatically the Kim Yong-sam group may attempt to concoct falsehoods to slander us, it can never convince the people in broad daylight.

As we all know, the pannational rally was not designed for one side to support the other, for one side to enforce its social system onto the other, and for one side to destroy the social system of other side. The pannational rally is a great reunification festival to demonstrate at home and abroad the nation's ironclad common will to achieve the nation's independent and peaceful reunification with united strength of all our fellow countrymen in the North, South, and overseas. Needless to say, the holding of such a pannational rally cannot constitute any crime.

Nevertheless, the Kim Yong-sam group brands such a great national common reunification festival as manipulation of North Korea's united front reunification strategy against South Korea. Indeed, the Kim Yong-sam group are shameless antireunification splittists talented in distorting reality.

The fact that we cannot live any longer with such rascals under the same sky was more clearly revealed during recent events. Through its recent fascist oppression, the Kim Yong-sam group showed that it has no will, even to a slight degree, for national reconciliation, unity, and reunification.

The Kim Yong-sam group is scheming to find a way for survival through an unprecedentedly harsh fascist wholesale roundup. However, it is a great mistake. The South Korean youth, students, and patriotic masses have risen more staunchly in the struggle for national reunification by consolidating their will without yielding to the rascals' repression.

The patriotic South Korean youth, students, and people will expel antireunification forces without fail, and deal a hard blow to the Kim Yong-sam group in the name of the nation.

Pannational Rallies Show Reunification 'Will'

SK1808054294 Pyongyang KCNA in English 0456 GMT 18 Aug 94

["Papers Hail Successful Fifth PNR"—KCNA headline]

[Text] Pyongyang, August 18 (KCNA)—Papers here today says the Fifth Pan-National Rally [PNR] for the Peace and Reunification of the Country held in Pyongyang, Seoul and Tokyo powerfully demonstrated the will to achieve reunification in the 90s.

In an editorial article NODONG SINMUN says:

The 5th PNR was a rally of great national unity which reaffirmed at home and abroad the unshakable faith and will of the 70 million fellow countrymen to fulfil the behests of the fatherly leader President Kim Il-song for reunification by achieving it in the 90s without fail under the wise guidance of respected General Kim Chong- il, the lodestar of national reunification, and a grand reunification festival which struck terror into the hearts of the splittists at home and abroad and gave greater hope and conviction of reunification to the fellow countrymen.

The 5th PNR for the peace and reunification of the country could be held in Pyongyang, Seoul and Tokyo in a grand style in the teeth of the constant supression by the anti-reunification and splittist forces and their moves of division and disintegration. This proves the validity of the line of the great unity of the whole nation put forward by the great leader President Kim Il-song.

Our nation reaffirmed to the whole world through the Fifth PNR its firm conviction and will to accomplish the reunification in the 90s without fail under the guidance of the dear leader Comrade Kim Chong-il, true to the intention of the great leader in his lifetime. This is of weighty significance in accelerating the cause of national reunification by the efforts of the nation itself.

It was the intention of the great leader in his lifetime and his behests on reunification that the tragedy of national division must no more be prolonged and that the whole nation must achieve the cause of national reunification within the present century, closely united under the bannder of reunification.

In order to achieve the reunification in the 90s without fail, true to the behests of the great leader, our nation must firmly adhere to the three principles of national reunification, independence, peaceful reunification and great national unity.

If the reunification of the country is to be achieved, free travel, contact and broad dialogue must be realized between the North and the South and, to this end, all the legal and institutional mechanisms including the "National Security Law" must be scrapped in South Korea.

What is important in fulfilling the behests of the great leader for reunification is to define the way of reunification common to the nation as soon as possible. There is no other way but the confederacy formula for achieving national harmony and reunification under the condition in which there are different ideas and systems in the North and the South of Korea and neither party is willing to yield its things.

To reunify the country by confederacy formula based on one nation, one state, two systems and two governments is the great principle of the way of national reunification which conforms to the present conditions of our country.

The patriotic pro-reunification democratic forces of South Korea must check and frustrate the criminal moves of the authorities for "dialogue through unified channel" and actively develop independent contact and dialogue between the political parties, organisations and people of all strata in the North and the South.

The entire compatriots in the North, the South and overseas, more firmly convinced of the reunification of the country, should rise up as one in the righteous struggle to accomplish the cause of reunification in the 90s under the wise guidance of General Kim Chong-il, the great leader of the nation, true to the behests of the respected leader President Kim Il-song for reunification.

MINJU CHOSON in an editorial says: Though the 5th PNR was held in Pyongyang, Seoul and Tokyo separately, it was a nationwide grand rally of reunification which demonstrated the strength of the great unity of the nation and the will of the fellow countrymen for reunification. It inspired the entire compatriots in the North, the South and abroad with a new hope and conviction of national reunification.

Japanese Groups Denounce Attacks on Korean Students

SK1708102194 Pyongyang KCNA in English 1002 GMT 17 Aug 94

[Text] Tokyo, August 15 (KNS-KCNA)—A social gathering took place in Japan and city assemblies adopted resolutions concerning outrages on girls of Korean schools in Japan.

Tomiko Okazaki, parliamentary vice-minister of education and social-democratic member of the House of Representatives of Japan, had a gathering with girls of the Kanagawa Korean middle and high school who had suffered outrages, members of the mothers society and educational officials of the General Association of Korean Residents in Japan (Chongnyon) on August 4. She said the outrages were not casual accidents and Japan-resident Korean women and children are still exposed to outrages because of the lack of a fundamental solution to the postwar problem of Japan's atonement for her responsibility.

The Kazo, Kumagaya and Fukaya City assemblies, Saitama prefecture, adopted resolutions in July against outrages on Korean schoolgirls.

The Gifu city assembly, Gifu prefecture, adopted a recommendation urging the improvement of the legal status of the Korean schools and sent it to the governor of the prefecture. (endall) 171002 cb/scally/ KCNA1708/cb 17/1022z Aug

Chang Chol at Exhibition on Japanese Imperialism

SK1708064594 Pyongyang Korean Central Broadcasting Network in Korean 1305 GMT 14 Aug 94

[Excerpt] The opening ceremony of the historic materials exhibition, "The Japanese Imperialism Is Condemned," was held at the Korean Revolution Museum on the morning of 14 August. Disclosed at the exhibition were historic materials showing the historic procedure of the Japanese imperialists' occupation of Korea committed from the late nineteenth century to the early twentieth century and showing the real state of the Japanese imperialists' crucial political suppression and brutal massacre of our people under the policy of obliterating the Korean race, their forcible economic plundering, and their maneuver of obliterating the Korean national culture.

Comrade Chang Chol, vice premier of the Administration Council, Kim Chong-ho, vice minister of culture and art, and other functionaries of the sectors concerned participated in the opening ceremony along with functionaries of the history sector, working people of various classes and strata in Pyongyang, and youths and students.

Comrade Chang Chol delivered an opening speech at the ceremony. [passage omitted]

Japanese Legislators' Visit to War Shrine Noted

SK1808110194 Pyongyang KCNA in English 1046 GMT 18 Aug 94

["Tribute to Ghosts of Militarism"—KCNA headline]

[Text] Pyongyang, August 18 (KCNA)—NODONG SINMUN today comments on the visit to the "Yasukuni Shrine" by seven cabinet ministers of Japan and 68 Dietmen from the Liberal Democratic Party and the Renewal Party on August 15, the 49th anniversary of the defeat of Japanese imperialism in the war it started to conquer Asia.

The "Yasukuni Shrine" is the place where there are kept lists of the names of those who died while being engaged in massacre and plunder in various wars of aggression over the last century, especially the A-class war criminals including Tojo, the chief war criminal who inflicted terrible losses and disasters on the Korean and other Asian peoples.

The news analyst says:

The visit of Japanese cabinet ministers to the "Yasukuni Shrine" is a dangerous political function to console the souls of the A- class war criminals including Tojo and create a social climate encouraging the Japanese to follow in their footsteps in overseas aggression.

At the "shrine" the cabinet ministers honoured the memory of the war criminals, describing them as "heroes" and "patriots." This is an insult to the Asian peoples who suffered immeasurable distress and disasters due to the Japanese imperialists' aggression.

By paying tribute to the ghosts of militarism who were out in front in the crimes of Japanese imperialism in bloody aggression, they refused the judgement of its war of aggression by history.

Honouring the ghosts of militarism means trying to repeat the past aggression. For nearly half a century after the war, the Japanese reactionaries have all along built up their strength, dreaming of restoring the old colonial empire. While hastening its conversion into a military power and nuclear armament, Japan paved the way for the overseas dispatch of troops and keeps the "Self-Defence Forces" ready for action. This is mainly aimed at realising the wild ambition for the "East Asia coprosperity sphere" by force.

The Dietmen who visited the "shrine" declared that they would strive to let all the Dietmen visit it in the future. This is a dangerous move to make the visit to the "shrine" a rule, militarise and fascistise Japanese society and lead it to war of aggression.

Japan has emerged as a dangerous force of aggression and war again in Asia.

The Asian people will never tolerate Japan's reckless war moves.

Japan must act with discretion, mindful that aggression and war will lead it to destruction.

Embassy in Cuba Hosts Banquet on Castro Birthday

SK1808130294 Pyongyang Korean Central Broadcasting Network in Korean 0100 GMT 18 Aug 94

[Text] Our country's embassy in Cuba arranged a banquet on 14 August on the 68th birthday of Comrade Fidel Castro Ruz, first secretary of the Communist Party of Cuba Central Committee and president of the Council of State and of the Council of Ministers of the Republic of Cuba.

Invited to the banquet were (Ricardo Alarcon de Gesada), president of the National Assembly of People's Power of Cuba, and (Horme Lezcano Perez), who are members of the Communist Party of Cuba Political Bureau; Ricardo Cabrisas Ruiz, minister of foreign trade, and Armando Hart Davalos, minister of culture, who are members of the Communist Party of Cuba Central Committee; (Hai Micron Des), vice president of the National Assembly of People's Power; (Conrado Martines), president of the Havana Municipal National Assembly of People's Power; and other functionaries of sectors concerned.

Kim Sung-yong, our country's ambassador to Cuba, and embassy staff participated. The ambassador delivered a speech at the banquet. He expressed warm congratulations on the 68th birthday of Comrade Fidel Castro Ruz and said that his birth was the birth of a great leader who bestowed happiness and a bright future on the Cuban people.

He pointed out: Comrade Fidel Castro Ruz launched onto the road of revolution at his early age, prepared a frame of the revolution, destroyed the pro-U.S. dictatorial regime by carrying out an armed struggle, and has built the socialist society.

He said: Upholding revolutionary slogans—such as "Let us protect the fatherland, the revolution, and the socialist gains under the wise leadership of Comrade Fidel Castro Ruz and the Communist Party of Cuba" and "We can do it"—the Cuban people are advancing along the single road of victory and honor, smashing U.S. aggressive maneuvers and economic sanctions and antisocialist elements' maneuvers at every step.

He said that the DPRK people are happy to have the revolutionary Cuban people as comrades-in-arms and extended the DPRK people's whole support and solidarity to the Cuban people's struggle.

He stressed the close friendship formed between the great leader Comrade Kim Il-song and Comrade Fidel Castro Ruz, supreme commander of the Cuban people, will remain forever.

He noted: The DPRK people will carry out the socialist construction even better, as the respected and beloved leader desired while he was alive, and will vigorously struggle to achieve the fatherland's reunification, united as one around the dear leader Comrade Kim Chong-il, by converting the sorrow of losing the great leader Comrade Kim Il-song into strength and courage.

(Horme Lezcano Perez), member of the Communist Party of Cuba Political Bureau, delivered a speech. He expressed thanks for the annual banquet on Comrade Fidel Castro Ruz's birthday and said the birth of Comrade Fidel Castro Ruz was a great event to the Cuban people.

He noted the Cuban people and the DPRK people mark the birthdays of the great leader Comrade Kim Il-song and the Supreme Commander Comrade Fidel Castro Ruz as felicitous holidays every year. He said the DPRK people's great leader Comrade Kim Il-song is still with the Cuban people today, and stressed that the friendly relations between Cuba and the DPRK that he formed will last forever.

He expressed his belief that the dear leader Comrade Kim Chong-il will continuously strengthen and develop the close, friendly relations between Cuba and the DPRK.

The banquet was held in a friendly atmosphere.

Korea-Russia Association Hosts Film Show

SK1808043494 Pyongyang KCNA in English 0411 GMT 18 Aug 94

[Text] Pyongyang, August 18 (KCNA)—The Korea-Russia Friendship Association arranged a film show here Wednesday to mark the 49th anniversary of the liberation of the country.

Invited there were Russian Ambassador to Korea Yuriy Fadeyev and his embassy officials.

Yi Pong-hui, vice-chairman of the Radio and TV Broadcasting Committee of the DPRK and chairman of the association, and other officials concerned were present together with working people in the city.

The participants saw the feature film "It Is the Radio Moscow."

Kim Yong-nam Meets New Indian, Tanzanian Envoys

SK1708214294 Pyongyang KCNA in English 1509 GMT 17 Aug 94

[Text] Pyongyang, August 17 (KCNA)—Vice-premier and Foreign Minister Kim Yong-nam on August 17 separately met and conversed with newly appointed Indian Ambassador Adya Nand Jha and Tanzanian Ambassador Seif Ali Eddy when they paid courtesy calls on him.

Kim Yong-nam, Yang Hyong-sop at Indonesia Embassy

SK1808050894 Pyongyang KCNA in English 0422 GMT 18 Aug 94

[Text] Pyongyang, August 18 (KCNA)—Syamsudin Sidabuter, charge d'affaires ad interim of the Indonesian Embassy here, hosted a reception at the Ognyu Restaurant Wednesday evening on the occasion of the 49th anniversary of the independence of his country.

Invited to the reception were Kim Yong-nam, vice-premier and foreign minister; Yang Hyong-sop, chairman of the Supreme People's Assembly; Yi Song-tae, chairman of the State External Economic Affairs Commission; Cho Kyu-il, vice-minister of Foreign Affairs; Chon Yon-ok, vice-chairperson of the Korean Committee for Cultural Relations With Foreign Countries; and other officials concerned.

Diplomatic envoys of different countries in Korea were also invited.

Speeches were exchanged at the reception.

Daily Marks Indonesian Independence Anniversary

SK1808105794 Pyongyang KCNA in English 1028 GMT 18 Aug 94

[Text] Pyongyang, August 18 (KCNA)—MINJU CHOSON today observes the 49th anniversary of the independence of Indonesia (August 17, 1945).

The paper says in a by-lined article:

After the independence, the Indonesian people liquidated the aftermath of the colonial rule of the imperialists and made achievements in the struggle for the independent development of the country.

The Indonesian Government worked out the second 25-year long-term development programme and is directing efforts to the strengthening of the self-sustenance of the national economy.

The Korean people are sincerely rejoiced over and hail the achievements made by the Indonesian people in the efforts for the independent development of the country and the building of a new life.

Korea and Indonesia, members of the Non-Aligned Movement, are developing friendly and cooperative relations under the common ideal.

The Korean people believe the friendly and cooperative relations between Korea and Indonesia will grow stronger and develop, and wish the Indonesian people greater success in their work for the independent development and prosperity of the country.

Foreign Minister Meets New Pakistani Ambassador

SK1608112294 Pyongyang KCNA in English 1035 GMT 16 Aug 94

[Text] Pyongyang, August 16 (KCNA)—Vice-premier and Foreign Minister Kim Yong-nam today met and conversed with Rahim Bhatti, newly appointed ambassador e.p. of Pakistan to Korea, who paid a courtesy call on him.

Pak Song-chol Receives Pakistani Ambassador

SK1808050394 Pyongyang KCNA in English 0420 GMT 18 Aug 94

[Text] Pyongyang, August 18 (KCNA)—Pak Song-chol, vice- president of the DPRK, received credentials from Rahim Bhatti, newly-appointed Pakistani ambassador E.P. [extraordinary and plenipotentiary] to Korea, at the Mansudae Assembly Hall Wednesday.

Present on the occasion was Cho Kyu-il, vice-minister of Foreign Affairs.

Vice President Pak Song-chol conversed with the ambassador after receiving the credentials.

Book on Features of Korea Published in Colombia

SK1708214094 Pyongyang KCNA in English 1508 GMT 17 Aug 94

[Text] Pyongyang, August 17 (KCNA)—The book "Educational Features of Korea" written by Prof. Guillermo Alonso Merino Gutierrez of the Latin American Autonomous University, Colombia, was published recently in Colombia.

The book consists of 12 sections under the subtitles "Korea, A Country of Learning" and "What is Korea Like?"

In the book the author says that as the great leader President Kim Il-song had kept education going ahead of all other domains, considering it to be an important domain relative to the destiny of the nation and the rise and fall of the country, Korea has turned into "a country of education" and it set itself the goal of turning all the members of the society into intellectuals and is now striving to this end.

In the first part the book dwells on the wise guidance of the dear leader Comrade Kim Chong-il over the education of the rising generation and on the happiness of Korean educationists and school youth and children.

In the second part the book introduces Korean history and geography, time-honored national culture, the advantages of Korean- style socialism centred on the popular masses, the policy for reunifying the country through confederacy which was put forward by President Kim Il-song and its validity and calls on the world people to extend full support and solidarity to the Korean people in their struggle.

Hwang Chang-yop Meets Chuche Institute Head

SK1808043194 Pyongyang KCNA in English 0408 GMT 18 Aug 94

[Text] Pyongyang, August 18 (KCNA)—Hwang Chang-yop, secretary of the Central Committee of the Workers'

Party of Korea, Wednesday met and had a friendly talk with Govind Narain Srivastava, secretary general of the Asian Regional Institute of the Chuche Idea, on a visit to Korea.

Kim Tuk-su, vice-president of the Academy of the Chuche Idea, was present on the occasion.

Yi In-mo Meets With Visiting Overseas Koreans

SK1708062394 Pyongyang KCNA in English 0424 GMT 17 Aug 94

[Text] Pyongyang, August 17 (KCNA)—Overseas Koreans who had participated in the fifth Pan-National Rally held in Pyongyang met with Yi In-mo, a former war correspondent of the Korean People's Army, who is known as the incarnation of faith and will, on August 16 here.

Present on the occasion were the memebers of a delegation of the overseas headquarters of the National Alliance for the Country's Reunification (Pomminnyon) led by Yang Tong-min, chairman of the Japan regional headquarters of Pomminnyon, a home-visiting group of the Union of Korean Students Studying at Japanese Schools led by Kim Hun, vice-chairman of the Central Standing Committee of the union, and other delegations of overseas Koreans.

Yi In-mo said that the bitter grief at the loss of the great father of the nation has been turned into a thousand-fold strength and courage because the people are led by General Kim Chong-il. "Since we have him, the mental support and pillar of faith are strong all the time," he added.

He asked all the compatriots living abroad to wage a more vigorous struggle for national reunification, firmly convinced that our people will certainly win as long as they are led by General Kim Chong-il.

The delegates of overseas Koreans said in unison that they will devote everything to the struggle for national reunification, following dear general Kim Chong-il with all their hearts as Yi In-mo won victory in defence of the principle of a revolutionary, believing and following the great leader general Kim Il-song as heaven.

They stressed that the day will surely come when the 70 million fellow countrymen will shout at the top of their lungs the hurrah of reunification, acclaiming dear General Kim Chong-il on the high rostrum of the plaza of reunification.

Meets Other Visitors From Overseas

SK1808052794 Pyongyang KCNA in English 0441 GMT 18 Aug 94

[Text] Pyongyang, August 18 (KCNA)—President Yi Yong-pin and Director Kim Sun-hwan of the Council of Christians Overseas for National Unification who had participated in the fifth pan-national rally met with Yi In-mo, who is known as the incarnation of faith and will, in Pyongyang on August 17.

On the occasion Yi In-mo said that he visits the statue of the fatherly leader President Kim Il-song on Mansu Hill, the old home in Mangyongdae where the president was born and the bust of Comrade Kim Chong-suk in the Revolutionary Martyrs Cemetery on Mt. Taesong almost everyday, unable to repress the sorrow at the loss of the president.

"Though the great leader departed from us, he will be alive as an eternal sun," he said, adding: "As there is General Kim Chong-il, the mental support is strong all the time."

Saying that th highest objective of our life is to faithfully uphold General Kim Chong-il, he expressed the hope that all the overseas Koreans will devote their all to the sacred cause of reunification along the road indicated by the dear general.

President Yi Yong-pin and Director Kim Sun-hwan said that they felt deeply the blood ties between the leader and the people while sharing the grief at the loss of the fatherly leader with the people in the homeland.

"Nowhere else in the world can one find such blood ties of nobler and loftier love and loyalty and filial piety than the relations between the father and children," they noted.

"The dear General Kim Chong-il is, indeed, a great leader who holds dearest and loves our people and overseas compatriots," they said, and concluded: "We will devote our body and soul to acclaim the dear General Kim Chong-il on the rostrum of the reunification plaza together with the people in the homeland who are blessed with the sagacious leader."

Nations Conduct Campaigns for 10-Point Program

SK1808105294 Pyongyang KCNA in English 1018 GMT 18 Aug 94

[Text] Pyongyang, August 18 (KCNA)—Signature campaigns were conducted in different countries to support "10-point programme of the great unity of the whole nation for the reunification of the country" advanced by the great leader President Kim Il-song.

In Yugoslavia, the signature paper was signed on August 4 by General Secretary of the New Yugoslav Communist Movement Branko Kitanovic, Chairman of the Servian Writers Union Yovan Stula, reserve Colonel Nikola Kovic and poet Stevo Vasilijevic.

The paper expresses support to the 10-point programme on achieving the great unity of the whole nation and founding a neutral, nonaligned and confederal state, which indicates a short cut to the reunification of Korea.

In Mozambique, the secretary of the Secretariat of State of Agricultural Hydraulics of the Frelimo Party signed the signature paper on behalf of the staff on August 5.

In Burundi, the secretary general of the Women's Union of Burundi, the chairperson of the Association of Women for Economic Development of Burundi and the chief of the Burundi-Korea Friendship Experimental Farm signed the signature paper in the name of their organizations on August 3.

In Ghana the signature paper was signed in July by the governor of Suhum County, central region and members of the county assembly; the governor and a patriarch of Zashikan County, Volta region; about 30 delegates of the Accra city branch of the Committee for Defence of the Revolution of Ghana; the secretary general of the Koforidua city Moslem Youth Organization, central region; the chairperson of the Christian Women's Council; officials of the Mobilization Planning Department and the Educational Department of Accra city; and members of the Suhum and Accra branches of the Ghana-DPRK Friendship Association on behalf of their organizations.

CILRECO Head, Delegation Arrive 16 Aug

SK1608215094 Pyongyang KCNA in English 1509 GMT 16 Aug 94

[Text] Pyongyang, August 16 (KCNA)—Guy Dupre, secretary general of the International Liaison Committee for Reunification and Peace in Korea (CILRECO), and his entourage arrived here today.

The guests were met at the airport by Rim Sun-phil, vice-director of a department of the Central Committee of the Workers' Party of Korea.

Visit Statue of Kim Il-song

SK1708055394 Pyongyang KCNA in English 0410 GMT 17 Aug 94

[Text] Pyongyang, August 17 (KCNA)—Guy Dupre, secretary general of the International Liaison Committee for Reunification and Peace in Korea (CILRECO), and his entourage visited the statue of the great leader President Kim Il-song on Mansu Hill Tuesday to honor his memory.

They laid a wreath before the statue and observed a silent tribute with bitterest grief at the loss of President Kim Il-song, who devoted his whole life to the independent and peaceful reunification of the country and its prosperity, to the freedom and happiness of the people.

Guy Dupre said the great leader Comrade Kim Il-song was a great man who did a lot of work for the independence and reunification of Korea and devoted his all to the world revolution. "I am visiting his statue on Mansu Hill on behalf of all peoples different in political view and religious belief, in other words, in the name of hundreds of millions of people who follow and respect the president," he said.

The secretary general noted that the great leader Comrade Kim Il-song led the struggle against two imperialisms to victory in one century and pioneered the cause of socialism in Korea and successfully led it.

"Though the great leader Comrade Kim Il-song passed away, the Korean people under the leadership of the dear leader Comrade Kim Chong-il will surely accomplish the revolutionary cause of chuche started by the great leader", he added.

ROK's MAL Magazine Features Kim Chong-il

SK1708051894 Pyongyang KCNA in English 0403 GMT 17 Aug 94

[Text] Pyongyang, August 17 (KCNA)—The August issue of the South Korean magazine MAL prints photographs of the dear leader Comrade Kim Chong-il and carries four features under the titles "Curtain Goes Up on the Era of Kim Chong-il" and "The Kim Chong-il System and the Future of the Korean Peninsula."

Printed in the whole of the front cover of the magazine are a photograph of Comrade Kim Chong-il sitting on a chair of a boat with a bright smile on his face and a note reading "Kim Chong-il, new leader of the North."

Among the color pictures printed under the title "Curtain Goes Up on the Era of Kim Chong-il" are a photograph of the great leader President Kim Il-song on the platform and a photograph of President Kim Il-song and Comrade Kim Chong-il having a discussion on a boat.

The features edited under the headline "The Kim Chong-il System and the Future of the Korean Peninsula" stress that though President Kim Il-song passed away, his cause will be invariably carried forward by Comrade Kim Chong-il.

The magazine says Comrade Kim Chong-il has long since guided socialist construction, the foreign policy and the policy of reunification.

Foreign Leaders: Kim Chong-il 'Great Leader'

SK1708213894 Pyongyang KCNA in English 1504 GMT 17 Aug 94

["Korea Has Another Great Leader, His Excellency Kim Chong-il"—KCNA headline]

[Text] Pyongyang, August 17 (KCNA)—Foreign state and party leaders expressed deep condolences on the death of the great leader President Kim Il-song and highly praised the dear leader Comrade Kim Chong-il.

The Togolese president, Gnassingbe Eyadema, met the Korean ambassador to his country on August 6 and said the death of the great leader President Kim Il-song makes him deeply sorrowful.

Noting that Korea has another great leader, His Excellency Kim Chong-il, he stressed that the misfortune of Korea is his own misfortune and its happiness is his happiness.

The general secretary of the Party for Unity and Progress of Guinea, El Hadji Boubacar Diallo, met the Korean ambassador to his country on August 8 and said the dear leader is a great man with noble virtues and the leader of the people. Pointing out that it is the greatest happiness of Korea to have dear General Kim Chong-il, he declared: "We will actively learn from the idea of Comrade Kim Chong-il, deeply respecting him."

The general secretary of the Central Committee of the Communist Party of Nicaragua, Eli Altamirano, when he met the Korean ambassador to Nicaragua on August 5, said he knows well that the dear leader Comrade Kim Chong-il has long since wisely led the Workers' Party of Korea and the people.

Expressing the firm belief that he will wisely lead to victory the revolutionary cause started by the great leader Comrade Kim Il- song, he stressed that the great feats performed by Comrade Kim Il- song will be immortal.

The chairman of the Social Democratic Party of Nicaragua, Adolfo Jarquin met the Korean ambassador to his country on August 4. He expressed deepest condolences on the death of his excellency the great leader President Kim Il-song in the name of his party and sincerely wished his excellency the dear leader Kim Chong-il great success in leading Korea, carrying forward the cause of the great leader.

Kim Chong-il Thanks Industry, Agriculture Units

SK1808053294 Pyongyang KCNA in English 0444 GMT 18 Aug 94

[Text] Pyongyang, August 18 (KCNA)—The great leader of our party and people Comrade Kim Chong-il sent thanks to industrial establishments and agricultural units in North Hamgyong Province including the Chongjin fisheries station, the Chongjin chemical fibre mill, the Hoeryong Foodstuff Association, the Nongpo cooperative farm in Saeppyol County, the North Hamgyong Provincial Institute of Agricultural Science and the Chongjin chicken plant on the 40th anniversary of the great leader President Kim Il-song's on- the-spot guidance of the units.

Over the last four decades, these units exalted the leadership exploits of the party and the leader and greatly contributed to socialist economic construction through a vigorous drive to thoroughly fulfil the tasks advanced by President Kim Il-song during his on-the-spot guidance.

Comrade Kim Chong-il also sent thanks to the Kim Chaek geological survey team on the 20th anniversary of its founding.

Talk Hails Kim Chong-il's Love for People

SK1308072494 Pyongyang Korean Central Broadcasting Network in Korean 0630 GMT 12 Aug 94

[Music and article: "Our Comrade Kim Chong-il"]

[Text] The great leader Comrade Kim Il-song has taught: Our people truly regard our party's bosom as that of the mother, and totally entrust their fate to the party. [music]

In our fatherland, where a great upheaval is taking place and a beautiful reality is unfolding daily because we hold the great leader [yongdoja] in high esteem, the echoes of a hymn sang by the people resound across the nation.

The people wish to put into song their seething gratitude, excitement, and fervent hearts over their thrilling reality, and to sing loudly to the world. Their innocent minds overflowing with truthfulness warmly flow in song.

Because we hold the dear comrade leader in high esteem, our party becomes stronger, our fatherland becomes greater, and our people's normal daily life is engraved with immortal days that will shine forever in history. Many songs expressing such glory and joy have been written and currently resound across this nation, do they not?

Our people uphold the dear comrade leader as the father, as well as the teacher and the sun. Their happiness and joy, which cannot be compared with others, overflow in song.

[Begin lyrics] My happy song! He has prepared for us a large and happy family under one roof.

He is the one who has brought up the people as if they were his own flesh and blood. He is our Comrade Kim Chong-il.

He is the one who calls the people his teacher. He reflects the people's innocent ideas in policies, saying the people are wise. The master of this teacher is Comrade Kim Chong-il.

He is the one who warmly loves and serves the people by devoting his entire life to them. He is the one who believes in the people as in heaven. The sun in heaven is Comrade Kim Chong-il. [end lyrics]

While reciting every phrase of the song, we cannot hold back our strong feelings because flitting before our eyes is the benevolent image of the dear comrade leader who places the people first, who warmly loves them the most, and who devotes everything to them.

There are a few figures in history renowned for their distinguished features, virtues, and leadership traits. However, we do not know of such a great leader [yongdoja] as the dear comrade leader who unfolds the most lofty politics of benevolence, fundamentally based on the resolute trust of and warm love for the people.

The dear comrade leader's politics of trust in the people has unfolded a beautiful reality by which all of society has become one new family, which is unprecedented in history.

As the value and harmony in one's family begins with the father's love, the feature of a nation's people can be achieved by the leader's [yongdoja] trust and love.

Especially in our country, relations between the leader [yongdoja] and the people have become like that between parents and children. Our people regard one's devotedness to society and a group as the most beautiful of deeds, looking up to the dear comrade leader no matter whether they are happy or sad, and endeavoring to give happiness to the comrade leader who has given a truthful life and happiness to them no matter where they are and what they do!

Our people are the ones who sacrifice themselves for their comrades and children, hovering between life and death in a critical moment; who give of their flesh and blood to save others; and who voluntarily join in tough work and dedicate all their wisdom and fervor whether or not others appreciate their services.

Having a good leader [suryong], our people's spiritual world has reached a higher level, and our country has been united into one large family in which communist virtues overflow throughout society.

With this song, which calls comrade Kim Chong-il with friendship and mildness beyond measure, our trust is seething more strongly.

The dear comrade leader has a love for the people by nature, and maps out lines and policies for the people and lets them consistently be carried out for the people!

The dear comrade leader's love for the people is wide, warm, and indefinitely benevolent in its width, depth, and degree of enthusiasm.

Our comrade leader is the one who has endowed the most precious political life to all people across the nation by embracing them in his bosom, leading them to a truthful life, and unsparingly devoting everything for their happiness and future.

All popular policies, concerns, deep interests, and tender cares provided by our party and state, and which reach every individual and family, have been prepared under the dear comrade leader's endless fatherly love for the people.

Beautiful songs praising the dear comrade leader's warm love and trust resound in every corner of this land, and legendary tales which tell how all people are endowed with love and trust in his bosom, are warmly cherished in their hearts.

How can we sing in one or two words the dear comrade leader's great love who regards the people as his teacher, and who takes care of and trusts the people?

Truly, the dear leader Comrade Kim Chong-il is the friendly teacher who always leads the people to a trustful life; the benevolent father of a new socialist family who takes care of our people's fate; and the great sun which our people will endlessly follow, trust, and hold in high esteem. In the thrilling reality of our fatherland, where the popular masses-centered socialism has fully bloomed, our people will take the one road of chuche socialist cause under the leadership of the dear comrade leader, singing this song together with the hymns of the times: "We Will Always Win If You Are Here" and "Without You, There Is No Fatherland."

Organizations Vow Loyalty to Kim Chong-il

SK1808050594 Pyongyang KCNA in English 0418 GMT 18 Aug 94

[Text] Pyongyang, August 18 (KCNA)—Officials of working people's organizations separately met on Mansu Hill Wednesday to vow to eternally glorify the immortal exploits of the great leader President Kim Il-song and remain loyal and filial to the dear leader Comrade Kim Chong-il, true to his behests.

Present at the meetings were officials of the General Federation of Trade Unions of Korea, the Union of Agricultural Working People of Korea and the Korean Democratic Women's Union from different parts of the country.

The participants laid wreaths and bouquets before the statue of President Kim Il-song and observed silent tributes with unbounded reverence for the president who is alive in the hearts of our people.

They pledged to remain loyal and filial to Comrade Kim Chong-il, as intended by President Kim Il-song in his life time, cherishing deep in their minds the unshakable faith that the president is always with them.

Saying that Comrade Kim Chong-il is the destiny of our party and revolution, the country and the nation, and the banner of singlehearted unity, they made an oath to consolidate the unity and cohesion of the entire party and the whole society which form a harmonious whole with the great leader Comrade Kim Chong-il and bring about a new turn in the power and metal industries, railway transport and all other sections and units of the national economy.

Book About Kim Il-song Published in PRC

SK1608151794 Pyongyang KCNA in English 1507 GMT 16 Aug 94

[Text] Pyongyang, August 16 (KCNA)—"President Kim Il-song and Fusong", a book on the immortal exploits and noble virtues of the great leader President Kim Il-song, has been brought out in China.

The book written in Chinese consists of ten sections, among them "Symbol of Friendship", "President Kim Il-song Writes Epitaph and Builds Monument for Martyr Zhang Weihua", "Unforgettable Audience" and "Trip to Pyongyang".

The author, who is director of the Foreign Affairs Office of the Fusong County People's Government in Jilin Province, China, says in the book that China and Korea are friendly countries which share mountain chains and rivers and the monument to Martyr Zhang Weihua standing on a bank of River Songhua south of Fusong County seat symbolizes the root of the friendship and its eternity.

Recalling that President Kim Il-song received a Fusong County, Jilin Province, friendship delegation of China in 1993, the author says he was a tender-hearted man with noble virtues, and unassuming and humble.

The book contains a travelogue of a Fusong County friendship delegation on Pyongyang and an article introducing the Korean-Chinese friendly relations.

It carries "Revolutionary Comrade-in-Arms Zhang Weihua (1) and (2)" from vol. 4 of Part I anti-Japanese revolution of President Kim Il-song's reminiscences "With the Century".

Zimbabwean Parliament Honors Kim Il-song Memory

SK1608150994 Pyongyang KCNA in English 1503 GMT 16 Aug 94

[Text] Pyongyang, August 16 (KCNA)—The fifth session of the 3rd Parliament of Zimbabwe on July 26 and 27 discussed the agenda item "On Expressing Condolences on the Death of the Great Leader Comrade Kim Il-song".

The parliamentarians at the session observed a silent tribute to the memory of President Kim Il-song.

MP [Member of Parliament] Mudaraki said in his speech that the death of the great leader was like the loss of the sun and that with his death, the international communist movement, the national liberation movement and the world's progressive people have lost a great leader, a great teacher, a veteran anti-imperialist fighter and a staunch comrade-in-arms.

Comrade Kim Il-song dedicated his whole life to the Korean revolution and the world revolution, Mudaraki noted, saying he was a leader with far-seeing intelligence, outstanding leadership ability and noble communistic virtues.

MP Nyandoz said Comrade Kim Il-song was a great leader of authority whom even the Americans dared not provoke. "We should not forget the feats he performed for Zimbabwe and the world and model ourselves on him," he stressed.

MP Njariyebani said Comrade Kim Il-song made the Korean people live without worries about food, clothing and housing, education and medical treatment. Their praise for him is an expression of strong emotion not forced upon them, but emanating from their hearts, he stressed.

MP Buma said though Comrade Kim Il-song passed away, the will and unity of the Korean people would grow stronger and his revolutionary idea would shine more brilliantly in the whole world.

MP Tonigana said that the revolutionary cause started by Comrade Kim Il-song is now being carried forward by Comrade Kim Chong-il.

Tanzanian Envoy Visits Kim Il-song Statue

SK1808043794 Pyongyang KCNA in English 0414 GMT 18 Aug 94

[Text] Pyongyang, August 18 (KCNA)—Seif Ali Eddy, newly-appointed Tanzanian ambassador to Korea, visited the statue of the great leader President Kim Il-song on Mansu Hill Wednesday to honor his memory.

The ambassador laid a bouquet before the statue and observed a silent tribute to the memory of President Kim Il-song who devoted his whole life to the freedom and happiness of the people and performed undying feats for the accomplishment of the human cause of independence.

He said the great leader his excellency President Kim Il-song was a close friend of the Tanzanian people. "His death is a great loss for the Korean people and the world's progressive people and the people struggling for peace and freedom," he added.

"We are convinced that the immortal revolutionary exploits of President Kim Il-song will be everlasting and hope that the Korean people will change today's sorrow into strength and courage and make great achievements in the revolution and construction," he said.

Kim Il-song's Reunification Efforts Lauded

SK1608125994 Pyongyang Korean Central Broadcasting Network in Korean 2300 GMT 10 Aug 94

[Unattributed talk: "Wise Leadership Embroidered on Road of National Reunification"]

[Text] Our people lived on the same land as one people by taking pride in their long history and brilliant culture. However, nearly a half century has passed since our people were divided into North and South.

During this long period of time, the great leader Comrade Kim Il- song grieved more than anyone else over the nation's division, and led the entire nation to achieve national reunification in our generation so as to turn over a reunified country to the next generation.

The great leader Comrade Kim Il-song has taught: You asked what is the greatest gift I can give to our people. It is national reunification.

The respected leader put forward a succession of proposals for ending the nation's division, and wisely led this work.

When the danger of permanent division of the nation was impending immediately following national liberation on 15 August, the people were unable to repress their worries over this crisis.

The one who united and led the entire nation on the road of patriotism and reunification by bearing upon himself the important duty of overcoming the crisis was none other than the great leader Comrade Kim Il-song, the peerless patriot and legendary hero.

The respected leader worked out a plan to tide over the impending crisis by uniting the entire country under the banner of national reunification, and proposed that a joint conference of representatives from political parties and public organizations in the North and South be held in Pyongyang. Thus, he led the work on the proposal.

The North-South joint conference held in April 1948 was a historic conference which worked out epoch-making measures for repelling outside forces by the people—irrespective of whether they were communists or nationalists, atheists or theists, proletarians or bourgeois, old or young—at a grave time when the fatherland was in danger of division. How could this be possible?

This is because there was the noble communist moral character and wise leadership of the great leader Comrade Kim Il-song, who put forward a just and fair national reunification policy by embodying the immortal chuche idea, and who united all fellow countrymen from all walks of life with a generous capacity, driving force, and fraternity.

Immediately after the armistice, the respected leader put forward proposals for peaceful reunification one after another, including North-South negotiations, economic and cultural exchanges, and mutual visits of the people, in order to embody the basic line and policy of national reunification. Thus, he wisely led the struggle to implement them. As a result, the reunification movement was vigorously and constantly carried out throughout the nation in the 1960's.

Even in the 1970's, with a view to opening the road for independent and peaceful reunification of the fatherland, the great leader made a historic speech on 6 August 1971, putting forward a new proposal for a broad-range of North-South negotiations based on his insight into the situation prevailing at home and abroad.

All this was the brilliant embodiment of lofty benevolence and the idea of great national unity cherished by the great leader, who wanted to advance along the road of reunification hand in hand, even with those who betrayed the nation in the past, but who repent of their crimes today and stand on the side of the nation in order to hand over a reunified nation to our people at an early date.

Prompted by this, the South Korean authorities, who refused contact and negotiation between the North and South, came about to the venue of dialogue, and a breakthrough was finally achieved on the barriers of division for the first time in 27 years since the nation was divided.

Resumption of the North-South dialogue and the announcement of the 4 July North-South joint statement—which assumes the three principles of independence, peaceful reunification, and great national unity toward national reunification as elucidated by the great leader—were a remarkable and historic event in the history of the reunification movement.

On 23 June 1973, following the year when the 4 July joint statement was announced, the respected leader Comrade Kim Il-song made a historic speech entitled "Let us reunify the fatherland by preventing the nation's division." In his speech, he put forward the five-point policies for national reunification that include relaxing tensions and eliminating military confrontation between the North and South; realizing multilateral collaboration and exchanges; convocating a great national conference; implementing a North-South confederal system under the national title of Democratic Confederal Republic of Koryo [DCRK]; and joining the United Nations under the single national title DCRK.

This historic reunification declaration struck the entire country and mankind with admiration. The changed circumstances, in which the people's worries about the future of national reunification and about the nation increased due to the prolonged division, urgently demanded a new national reunification line corresponding to these circumstances. This inevitable historic task was brilliantly resolved in the 1980's by the great leader.

In the historic report at the Sixth Congress of the Workers Party of Korea, the respected leader—based on the scientific analysis of the aspirations of all his fellow countrymen for reunification, on the reality in which different systems and ideologies exist in the North and South, and on the basic trend of development of the times toward independence—put forward a unique, fair, and just proposal for reunifying the nation by founding the DCRK. He thus opened a new way for national reunification and energetically led the struggle to achieve it.

In the 1990's, achievement of national reunification by ending the tragedy of national division had emerged as a vital demand of our nation, a demand which cannot be delayed any longer, and as a task raised by the trend of the times advancing toward independence.

In his policy speech to the First Session of the Ninth Supreme People's Assembly in May 1990, the great leader expounded the new five-point policy for national reunification, regarding the creation of a peaceful atmosphere favorable for national reunification by relaxing tensions on the Korean peninsula; by realizing free visits and overall opening up between the North and South by removing the barriers of division; by developing external relations between the North and South based on the principle of creating international circumstances favorable to independent and peaceful reunification of the fatherland; by developing dialogue for national reunification; and by forming a pannational united front.

Accepting the five-point policy of national reunification, the entire nation worked out a timetable [siganpyorul chonghago] to achieve national reunification in the 1990's, and accelerated the grand march to realize this. Thus, our people expounded a new picture of national unity.

Through various reunification festivals in 1990—including the 15 August Pannational Rally; the North-South high-level talks; the joint North-South cheering at the 11th Asian Games; the North-South reunification soccer game; the pannational music concert; and the 1990 year-end traditional music festival for reunification—all fellow countrymen were filled with the passionate desire to reunify the divided fatherland in a firm national unity.

In 1991, the North and South formed a single team, and jointly participated in the world table-tennis championship and world youth soccer games. In August, they held a second set of pannational rallies in Pyongyang, Seoul and Tokyo, as well as announced a joint statement.

In 1992, the Pannational Rally was splendidly held, and the National Alliance of Youth and Students for the Country's Reunification was formed.

In 1993, the Pannational Rally was splendidly held again.

Seeing the pictures showing national unity, our people could not repress deep emotion for the great leader's wise leadership. On 6 April 1993, the respected leader personally prepared and announced the 10-Point Program of Great Unity of the Whole Country for the Fatherland's Reunification. Thus, he again brightly elucidated a shortcut to national reunification to all Korean people in the North, South, and overseas.

Indeed, throughout the 1950's, 1960's, and 1970's our people's will for reunification was vigorously displayed like the heat of the earth. Their will was further consolidated nationwide and expanded in the 1980's. This had finally exploded like an active volcano in the 1990's. All this is the brilliant result of the great leader's wise leadership and tireless efforts.

The desire of all people in the North, South, and overseas to mark 1995 as the first year of national reunification under the wise leadership of the respected leader Comrade Kim Il-song, the great sun of the nation, is being furthermore enhanced.

The 70 million Korean people in the North, South, and overseas will achieve the historic cause of national reunification without fail by upholding the national reunification policy put forward by the respected leader, and by loyally upholding the wise leadership of the dear leader Comrade Kim Chong-il, the great leader [yongdoja] of our party and people.

Kim Il-song's External Activities Praised

SK1808093294 Pyongyang Korean Central Broadcasting Network in Korean 1055 GMT 10 Aug 94

[Text] The working people of all strata who watched the television scenes showing the great leader Comrade Kim Il-song's energetic external activities with Chinese party and state leaders and Prince Norodom Sihanouk of Cambodia are unable to repress their great emotion, saying that the scenes lead them to bear in mind more deeply the great leader's immortal revolutionary achievements.

Comrade Kim Tong-chin, director of a bureau of the External Economic Committee, states:

[Begin Kim recording] I was very impressed by the television scenes of the great leader Comrade Kim Il-song's energetic external activities with Chinese party and state leaders and Prince Norodom Sihanouk of Cambodia.

The cause of independence of the popular masses is the historic cause that can be achieved only by the united strength of the revolutionary people of the world who seek peace and democracy.

The great leader devoted his all to the international cause for friendship and solidarity with the world's people even amid the arduous struggle of fighting his way through the protracted bloody anti-Japanese battles. He also not only supported the Chinese revolution with blood, but also kept in joint step with the Chinese people for the common cause of socialism after the war.

Despite his busy days in accelerating our revolution and construction, the great leader frequently visited China and forged deep intimate relations with Chinese leaders. Thus, he concentrated energetic efforts on promoting friendship and solidarity with the socialist country.

Indeed, apart from the great leader's energetic external activities we cannot think of the brilliant [words indistinct] recorded on the chronicle of DPRK-PRC friendship. I have come to keenly feel that the DPRK-PRC friendship provided by the great leader will shine forever. I have come to realize clearly again that there is no leader of the world revolution who, like our leader [suryong], performed immortal exploits for the world revolution and for friendship and solidarity with the socialist countries. Seeing the relations of friendship between the great leader and Prince Norodom Sihanouk, I have come to more properly know that the respected and beloved leader is a most intimate and greatest friend of the people aspiring independence.

Once he forged relations, our leader invariably extended trust and love in the course of friendship and solidarity. This was why political leaders of foreign countries not only warmly supported and followed the great leader's ideology on making the world independent, but also actively extended absolute support and consent to the leader's (?cause) of our revolution and national reunification.

The immortal achievements that the great leader as a veteran politician of the world devoted to the cause of making the world independent will remain forever in the hearts of our people and the revolutionary people of the world.

I, as a functionary of the external economic sector, will devote all of my wisdom and energies to effecting new turns in the external trade work sector by upholding the present trade-first policy as taught by the fatherly leader while alive. Thus, I will more brilliantly implement the teachings the great leader gave to the external economic sector and will, thus, offer greater joy and satisfaction to the great leader [widaehan yongdoja] Comrade Kim Chong-il. [end recording]

Kim Il-song's Commitment to Children Highlighted

SK1808105994 Pyongyang KCNA in English 1039 GMT 18 Aug 94

["President Kim Il-song, Tender-Hearted Father of Children"—KCNA headline]

[Text] Pyongyang, August 18 (KCNA)—NODONG SINMUN, the organ of the Central Committee of the Workers' Party of Korea, under the blockletter title "The Great Leader Comrade Kim Il-song Is the Father of All the Children of the Country," recently printed photographs of the respected leader President Kim Il-song among children with his proposition "the children are the treasure of our country. The future of Korea belongs to them."

All the people are now earnestly yearning for the great leader, who always found himself among children, seeing their art performances with a bright smile on his face and visiting schools first everywhere he went.

He was, indeed, the tender-hearted father of all the children who embraced all of them and looked after their life.

In the period of the rigorous anti-Japanese revolutionary struggle, he became the father of the children of revolutionary martyrs, made clothes for members of the children's corps with 20 won he had received from his mother Kang Pan-sok and gave his only blanket to an ailing member of the children's corps. The fatherly leader spared nothing for the happiness of the children in his 80 odd years of long life.

Though he found his days so full with the building of a new country, he found time to choose a school site in Mangyongdae District, Pyongyang, and named the school "Samhung Middle School" in the hope that all the children of the country would become able workers in the future who are knowledgeable, virtuous and healthy.

He saw to it that schools, kindergartens and nurseries were built in best places before the building of industrial establishments and put the production of pencils on the agenda as its first item of the provisional people's committee of North Korea.

He also made it sure that laws on universal compulsory education, free education and upbringing and education of children were adopted so that all the children might study to their heart's content and grow up healthily.

In September 1972, he visited the Taedongmun Primary School, Pyongyang, on the day of the opening of school in the new school year, the first day of the universal 11-year compulsory education, and acquainted himself with the study of six-year old children.

He saw that the state supplied school uniforms to all the school youth and children in all seasons as their parents, and presented the children with gifts on the occasion of the April holiday every year.

He sought pleasure in the bright faces of the children and bestowed all the solicitude he could give on them.

He visited the Songdowon Children's Camp in September 1961. Saying that the best places should be offered to the children, he took measures to build children's camps in scenic spots. When he called at the Pyongyang School Children's Palace in September 1963, he said the children are "the king" in the country and many palaces for them should be built in different parts of the country.

In a cold winter day, 1964, he saw on his way of on-the-spot guidance that less than ten children were walking a long way to the school in a forestry workers' village in Yontan County. Later, he had a branch school built in the village for them and sent school buses, cars and trains to those going to the school by walking a long way.

On the way to the Hwanghae iron and steel complex in May 1966, he was told that eleven pupils were in bad health and sent expensive tonics to them. And he presented all the children of the country with insam (ginseng) in April one year.

He visited the Yonpung Senior Middle School in Anju City in April 1977 and took pictures of the pupils in new school uniforms.

Indeed, the stories about his affection for the children are countless.

So, all the children of Korea call President Kim Il-song their father.

As love and the relationship between the parents and children are everlasting, the affection of President Kim Il-song will be told through generations by the Korean people and children.

Kim Il-song's Contributions to NAM Praised

SK1808110794 Pyongyang KCNA in English 1053 GMT 18 Aug 94

[Text] Pyongyang, August 18 (KCNA)—The respected leader Comrade Kim Il-song is a great leader who had made a distinguished contribution to the strengthening and development of the Non-Aligned Movement [NAM], stresses NODONG SINMUN in a signed article today.

The great leader Comrade Kim Il-song attached great importance to the movement from the first days of its appearance in the international arena and performed undying feats for the strengthening and development of the movement with his energetic ideological and theoretical activities, the article says, and goes on:

He published a great many immortal famous works including "The Non-Aligned Movement Is a Mighty Anti-Imperialist Revolutionary Force of Our Times," "For the Development of the Non-Aligned Movement" and "Non-Aligned and Other Developing Countries Should Solve the Agricultural Problem Through Their Own Efforts," in which he illumined the road ahead of the movement and concrete fighting tasks in each period and at each stage and convened conferences of the Non-Aligned Movement on several occasions in our country, putting his heart and soul into the strengthening and development of the movement.

He declared that the Non-Aligned Movement is a progressive movement for independence against all manner of domination and subjugation and a mighty revolutionary force of our times.

He taught that the basic idea of the Non-Aligned Movement is independence against imperialism.

Particularly, he brightly indicated the direction and way of strengthening and developing the movement in compliance with the requirements of the situation under which the movement entered a new phase in recent years.

Now that the imperialist dominationist forces still remain and the idea of the Non-Aligned Movement has not been realised, he said, the movement should be continued to exist and further strengthened and developed. And he gave an exposition of its ways.

What is important in strengthening and developing the movement is to stand true to its basic idea and principle and defend and develop the traditions of unity.

Our party and the Government of the Republic will more staunchly fight to accomplish the historical cause of the Non-Aligned Movement, upholding the idea and theories and policies of the great leader Comrade Kim Il-song on the Non-Aligned Movement.

Daily Hails Kim Il-song's Feats in Liberation

SK1708112194 Pyongyang Korean Central Broadcasting Network in Korean 0030 GMT 15 Aug 94

[NODONG SINMUN 15 August editorial: "The Revolutionary Achievements of the Great Leader Comrade Kim Il-song, Who Led the Anti-Japanese Revolutionary Struggle to Victory, Will Be Immortal Forever"]

[Text] Today marks the 49th anniversary of the fatherland liberation, which the great leader Comrade Kim Il-song achieved by leading the anti-Japanese revolutionary struggle to victory.

All party members and working people, and all officers and men of the People's Army are observing this day with the feeling of deep reverence to the respected and beloved leader and the sorrow of having lost him who gave endless happiness and brought new spring of fatherland liberation to them, putting an end to the long history of national suffering.

The respected and beloved Comrade Kim Il-song's 80 years of life was a glorious life of a great revolutionary and that of a peerless patriot who accomplished immortal feats in the popular masses' victorious cause of independence and prosperity.

The respected and beloved leader achieved the historic cause of fatherland liberation by leading the anti-Japanese revolutionary struggle to victory. This achievement takes up an exceptionally important place among his brilliant revolutionary achievements.

No matter how many years have slipped past and times have changed, our people can never forget the immortal feats achieved by the great leader who brought about a fundamental change in our history of revolutionary struggle and our national history.

The 15 August liberation was an historic event of the nation won with the great leader Comrade Kim Il-song's tested leadership, and excelled idea, strategy, and tactics.

The dear leader Comrade Kim Chong-il has taught: The leader [suryongnim] stood at the van of the revolution from his early days and pioneered the bright future road for the Korean revolution. He organized and led the historic anti-Japanese struggle and originated the great immortal revolutionary tradition, the deep historic root that enabled our revolutionary cause to win victory after victory.

Our nation's plight under the colonial rule of the Japanese imperialists was truly bleak. At a time when the nation's misfortune reached its peak, the great leader Comrade Kim Il-song embarked on the road of revolution with the grand idea for national liberation and chose the future road for the Korean revolution.

Under the uplifted banner of the immortal chuche idea, the respected and beloved leader Comrade Kim Il-song organized and waged the anti-Japanese war. He was the sun of the nation, a legendary hero, and an invincible general who gave the hope for new life to all fellow countrymen.

Twenty years of anti-Japanese revolutionary struggle was the most hard-fought revolutionary war fraught with trials never known in the history of the liberation of mankind. With boundless devotion for the revolutionary cause, a peerless patriotic mind, iron will, and indomitable conviction, the great leader Comrade Kim Il-song overcame manifold hardships at the van. He always won victory after victory with excelled strategy and tactics and protean art of war, and gave deadly blow to the Japanese aggressors. There are countless formidable troubles our leader had to experience.

Apart from the great leader's chuche idea, outstanding strategy and tactics, and tested art of military operations, we cannot think of the achievement of fatherland liberation, which was our nation's long-cherished desire, and the annihilation of the Japanese imperialist aggressor forces who were armed to the teeth.

With the respected and beloved leader Comrade Kim Il-song's brilliant achievement of the cause of national liberation, our people were able to recover the nation's sovereignty and our fatherland, which had lost its identity in the world arena, was able to demonstrate its dignity. After that, a rewarding road of building a new society was opened before our people and a historic change was effected in the march of our revolution for independence, sovereignty, and socialism.

All victories and successes that our people achieved in the two phases of social revolution and in socialist construction and today's dignified appearance of our fatherland as a powerful socialist country of independence, self-reliance, and self-defense are closely linked to the historic victory in the anti-Japanese revolutionary struggle.

With the respected and beloved leader Comrade Kim Il-song's leading of the anti-Japanese revolutionary struggle to victory it was possible to establish the glorious revolutionary tradition, the immortal asset of our revolution. The revolutionary tradition that the great leader created amid the flames of anti-Japanese struggle is the chuche revolutionary tradition, which is thoroughly based on the chuche idea and characterized by the idea. Extensively embodied in this are the guiding ideology, the guiding theory, and the guiding method of the revolution that should be taken as the guiding principle in the entire process of carrying out the revolutionary cause. At the same time, extraordinarily rich experiences and noble achievements are reflected in this.

Thanks to this great revolutionary tradition our people were able not only to achieve the cause of building the party, founding the country, and building the Army in a timely manner, but also to continuously and vigorously advance the revolution and construction along the single road of chuche after national liberation.

Today, the anti-Japanese revolutionary tradition has become an immortal banner vigorously pushing our people's struggle for the final victory of the socialist cause and for national reunification. The revolutionary achievements of the respected and beloved leader Comrade Kim Il-song who opened the beginning of the chuche revolutionary cause by traversing a new path of struggle on which no one traversed and who, thus, provided the immortal revolutionary tradition that will carry on the generation of the party and the revolution are incomparably noble.

Also, the great leader Comrade Kim Il-song made great contributions to strengthening and developing the revolutionary movement of the world by leading the anti-Japanese revolutionary struggle to victory. The anti-Japanese revolutionary struggle was a great anti-imperialist war for national liberation of our times, which was won for the first time in a colonial country.

This revolutionary war clearly showed that the way in which the popular masses fight with their united strength while grasping their destiny in their hands is a genuine revolutionary way and that an armed struggle is the only correct way to repel armed foreign aggression forces and to achieve national independence.

The anti-Japanese revolutionary struggle opened the new era of the anticolonial national liberation forces, which advance under the banner of independence and brought about the birth of a great era of independence in which the popular masses pioneer the revolution and construction independently and creatively.

As he led this revolutionary war to victory, the respected and beloved leader [suryong] came to win from the revolutionary people of the world the high admiration as the most prominent leader [kajang kolchurhan suryong] of our times and as the great sun of the oppressed nations and mankind.

That the great leader Comrade Kim Il-song led the anti-Japanese revolutionary struggle to victory by assuming all heavy responsibilities for the fatherland, the people, the times, and the revolution is indeed the immortal achievements that will shine forever in the history of our nation and in the history of the struggle for our people's liberation.

The entire path of our people's revolutionary struggle since national liberation up to date is shining as a proud chronicle which has been ever-victorious under the great ideology and leadership of the respected and beloved leader Comrade Kim Il-song. The almost 50 years of creation and construction traversed by our people was as arduous as the 20 years of the anti-Japanese revolution. Our people had to safeguard and defend the revolutionary cause, confronting the powerful enemies. They also had to fulfill in a short period of time the historic tasks that others had fulfilled in scores of years and in hundreds of years.

The great leader Comrade Kim Il-song always fought his way through the arduous storms of the revolution at the forefront for the fatherland, the revolution, the working class, and the people as he did in the arduous days of anti-Japanese struggle. In this way he led the chuche revolutionary cause to the high stage we see today.

Thanks to the respected and beloved leader's leadership our people not only won the historic victory in the great fatherland liberation war to defend the nation's sovereignty and dignity, but were also able to build a socialist paradise in which the popular masses' independent and creative life effloresced on an empty land where everything was backward and completely destroyed and to unfold the era of the glorious Workers' Party in which all fields—political, economic, ideological, moral, and cultural—blossom and develop.

In that period, the respected and beloved leader turned his grand idea, which he formed during the anti-Japanese war, into a shining reality, and developed and enriched our party's revolutionary tradition in every respect.

The great leader Comrade Kim Il-song made great efforts, in particular, to provide a firm guarantee for completing the chuche revolutionary cause pioneered in the Paektu forest generation to generation. Because of the respected and beloved leader's farsighted wisdom and outstanding leadership, the party, the government, and the revolutionary armed forces were strengthened and developed into those that are unshakable in the face of any trial, and the problem of leadership inheritance has been solved brilliantly.

Today, our people can advance toward the bright future of the revolution firmly united around the dear leader Comrade Kim Chong- il, the great successor to the chuche revolutionary cause, because we have the immortal assets and firm foundation that the respected and beloved leader provided for us in the entire course of his revolutionary activities.

History does not know of such a great leader of the working class as the respected and beloved Comrade Kim Il-song who not only pioneered the revolutionary cause and provided a firm historical root of the revolution, but provided all the assets that make it possible to bring the socialist ideals into bloom and complete the socialist cause to the end.

The immortal achievements the great leader made in the protracted course of the revolution are cherished deep in our people's hearts. The respected and beloved leader Comrade Kim Il-song will be with our people forever, and our people will long tell and add luster to the leader's benevolence and achievements of restoring the fatherland and giving them true happiness. This is the invariable pledge of faith that our people firmly make on the 49th anniversary of the national liberation.

Today we have a heavy task to carry on to the end the march of our revolution that the respected and beloved leader Comrade Kim Il- song pioneered under the chuche banner and to complete the cause of the Korean revolution brilliantly.

The great leader Comrade Kim Il-song has taught: Since we have pledged to build socialism and have undertaken the road of the revolution, we must defend socialism to the end without the slightest perturbation and complete the chuche revolutionary cause.

The most important thing for our party and people in inheriting and completing the revolutionary cause, which began in the Paektu forest, is to uphold the great leader [widaehan yongdoja] Comrade Kim Chong-il. The dear leader Comrade Kim Chong-il, who was bo?t Mt. Paektu during the time of the arduous anti-Japanese armed struggle, embodied the Paektu revolutionary spirit and trait, grew up to be a great revolutionary, and has made every effort to advance our revolution along the chuche road pioneered under the down-with- imperialism banner.

The dear comrade leader is the leader [yongdoja] who added luster to the revolutionary tradition, which was established by the great leader, as our revolution's longlasting assets. He is the leader who comprehensively developed and enriched it and developed a great heyday of our-style socialism in this land.

For our people, the great leader [widaehan suryongnim] is the dear comrade leader, and the dear comrade leader is the great leader [widaehan suryongnim]. All thoughts and activities of the dear comrade leader are invariably aimed at embodying the respected and beloved leader's ideas and will. When we uphold and thoroughly embody the dear comrade leader's ideology and leadership, we will be able to endlessly add luster to all the revolutionary achievements made by the great leader during his 80 years of life, and to expedite the revolution's ultimate victory more vigorously as the leader wanted in his lifetime.

All party members and working people should hold in high esteem the dear comrade leader, cherishing deep in their hearts the infinite dignity and honor of carrying out the revolution, upholding the great leader [yongdoja] Comrade Kim Chong-il. We should be loyal and dutiful to the dear leader Comrade Kim Chong-il as sworn before the departed fatherly leader with the firm stance that the dear comrade is our destiny and future and the [word indistinct] of our life and struggle. Thus, we should become rifles and bombs to defend him resolutely.

All party members and the working people should more firmly arm themselves with the dear comrade leader's ideology and theory and unconditionally and thoroughly safeguard and implement the party's line and policy.

We should more firmly establish the leadership system in which the entire party, all the Army, and all the people unanimously move only under the unitary leadership of the dear comrade leader so that we can push ahead with the revolution and construction as intended by the party.

Resolutely safeguarding and defending the revolutionary tradition created by the great leader Comrade Kim Il-song and inheriting and developing it forever is a firm guarantee for inheriting and consummating the cause of the Korean revolution to the end.

The revolutionary tradition is the historic root of the revolution. It is also the bloodline of the revolution that links generations into one lifeline in the process of the developing revolution. Only by defending the revolutionary tradition and inheriting it correctly can the cause of the revolution be victoriously advanced along the road pioneered by the leader [suryong], overcome all sorts of trials on the course of its advance, and, thus, be consummated brilliantly.

All party members and the working people should keep in mind that the revolutionary tradition created by the great leader Comrade Kim Il-song can be victoriously advanced and consummated only when they resolutely safeguard, defend, inherit, and develop it.

We should never forget the fact that the respected and beloved leader left us, leaving great and precious ideological and mental assets. At the same time, we should have the firm determination to consummate the revolution to the end based on the revolutionary tradition created by the leader [suryong].

We should inherit the chuche revolutionary tradition created by the respected and beloved leader Comrade Kim Il-song in a revolutionary manner and defend it to the end, generation after generation. Along with this, we should also extensively inherit, develop, and enrich the ideology, theory, method, rich experiences, and noble achievements of the chuche revolutionary tradition. Thus, we should firmly prepare all party members, the working people, and the new generations of the revolution to become chuche-type communist revolutionaries. Thus, we should successfully consummate the cause of the Korean revolution by reforming all fields of our society in accordance with the demands of the chuche idea.

Resolutely defending the popular mass-centered socialism of our own style established by the great leader Comrade Kim Il-song and further glorifying it is an important requirement for inheriting and consummating the cause of the Korean revolution. The socialism of our own style is the most precious revolutionary assets provided by the respected and beloved leader Comrade Kim Il-song. It is a most superior socialist system in which the leader's ideology, leadership, and noble virtues have been extensively embodied.

For our revolutionary fighters, there is no more important and honorable task than to safeguard, defend, and add luster to the popular mass-centered socialism of our own style.

Single-hearted unity is the ever-victorious and invincible fundamental source of socialism of our own style and is our most mighty weapon. Inheriting the tradition of single-hearted unity and accelerating the revolution and construction with its might is a decisive guarantee for sternly smashing the antisocialist maneuvers by the enemies of the revolution and for defending, consolidating, and developing socialism of our own style.

We should lead the entire party, all the Army, and all the people to further unite as one around Comrade Kim Chong-il and, thus, to accelerate the general march of socialism of our own style.

All party members and the working people should firmly establish a revolutionary view on the leader [hyongmyongjok suryonggwan] so that all of them can firmly unite in their ideological will and morally and vigorously advance.

Effecting a great upsurge in socialist construction is the way of upholding the respected and beloved leader Comrade Kim Il-song's lifetime will. It is also the way of victory and glory to expedite the complete victory of socialism.

All party members and the working people should struggle to implement the respected and beloved leader's lifetime teachings to the end, devoting their all, and, thus, should perform their duties as revolutionary fighters.

In particular, they should effect new turns in the power and metal industry sectors and in the production of cement and chemical fertilizer so that a new spirit of renovation can fly in all fronts of socialist construction.

We should advance, holding aloft the revolutionary spirit of self-reliance and fortitude. All party members and the working people should surmount all difficulties with their own strength and fulfill their assigned production quotas in a responsible manner.

We should more aggressively push ahead with the struggle to implement the party's revolutionary economic strategy. By doing so we should further enrich the people's living and enhance the superiority of socialism.

National reunification is the patriotic cause related to our nation's destiny and is the supreme national task that should not be delayed even for a moment.

Almost 50 years have passed since the great leader Comrade Kim Il-song achieved the historic cause of national liberation. During this period the great leader has devoted his all to achieving this cause. His greatest desire while alive was national reunification.

We should unanimously launch into the patriotic cause to end the tragedy of national division and to achieve the historic task of national reunification.

All Korean compatriots in the North and the South and overseas should firmly unite under the banner of three principles of national reunification and the 10-point program of the whole nation for great unity, which were elucidated by the great leader Comrade Kim Il- song, should sternly smash the Kim Yong-sam ring's maneuvers for [word indistinct], and should vigorously wage the struggle for national reunification.

By upholding Comrade Kim Chong-il, the great leader [widaehan yongdoja] of our party and people, who is the nation's destiny, the fatherland's future, and the symbol of victory, with loyalty and filial piety and by staunchly fighting under his excellent leadership we will achieve without fail the historic cause of national reunification for which the respected and beloved leader desired while alive.

Firm and invariable is the will of our party and people to brilliantly inherit and develop the immortal feats and the revolutionary tradition that the great leader Comrade Kim Il-song achieved by leading the anti-Japanese revolutionary struggle to victory.

Our people—who are united as one mind around the party Central Committee with the dear leader Comrade Kim Chong-il as the center and are staunchly fighting to consummate the cause of the Korean revolution—are ever-victorious and invincible.

Songs Praising Kim Il-song Described

SK1708104594 Pyongyang KCNA in English 1012 GMT 17 Aug 94

[Text] Pyongyang, August 17 (KCNA)—Songs of praise to the great leader President Kim Il-song can be heard everywhere in Korea.

One of them is the song "He Will Be Always in the Memory of the People."

After bidding their last farewell to the fatherly leader, who conducted energetic activities in his whole life without a moment's rest for the prosperity of the country, the happiness of the people, the reunification of the country and the independence of the world, the people sing this song with tears in their eyes, feeling their hearts bleed and ardently yearning for him.

The song sings of the brilliant reality and future of Korea where an earthly paradise of the people has been built and their creative activities have borne fruits under the wise leadership and care of President Kim Il-song and fully reflects the ardent feelings of the people who will always keep their indebtedness to him in their memory.

Korea owes the balmy spring and bountiful autumn of the homeland of chuche with chollima flying high in the sky and all the fortunes of the people to the loving care of President Kim Il-song.

Always finding himself among the people, he built up the land beautifully and turned the whole country into a great harmonious family with deep loving care.

It is under his leadership that Korea has become a country of chuche most dignified in the world and the Koreans have become a people most proud and happiest in the world.

Reflecting this reality, the song "He Will Be Always in the Memory of the People" says the august name of President Kim Il-song clearly indicates the way of mankind, shining everywhere in the world along with the name of Korea of chuche.

The song also vividly reflects the determination of the people to show loyalty, always remembering the affection of the fatherly leader.

The deep loving care of the fatherly leader is succeeded by the dear leader Comrade Kim Chong-il and it reaches the people with greater warmth.

This is why the people, singing this song, feel their greatest pride in being blessed with sagacious leaders and renew their pledge to remain faithful and devoted to Comrade Kim Chong-il with a single heart.

Agricultural University Renamed After Kim Po-hyon

SK1708062694 Pyongyang KCNA in English 0413 GMT 17 Aug 94

[Text] Pyongyang, August 17 (KCNA)—The University for Retraining Agricultural Cadres has been renamed "Kim Po-hyon University", according to a decree of the Central People's Committee of the DPRK on August 11.

Kim Po-hyon, grandfather of the great leader President Kim Il-song, was an ardent patriot, who undauntedly fought against the Japanese imperialist aggressors and the landlords, and a model for the Korean people and agricultural working people who engaged in farming even after liberation to uphold President Kim Il-song, saying agriculture is "the great foundation of the country".

The decision has been made by the unanimous desire of our people and entire agricultural working people to hand down the ardent patriotic spirit and shining feats of Kim Po-hyon through generations and to build a communist countryside at an earlier date in this land, remaining loyal to the leadership of Comrade Kim Chong-il, the great leader of our party and people, as the respected leader Comrade Kim Il-song intended in his lifetime, the decree states.

Theory on 'Collectivist View of Life' Studied

SK1808122794 Pyongyang Korean Central Broadcasting Network in Korean 0200 GMT 17 Aug 94

[From the "Rays of Chuche" program: "A Profound Theory on the Collectivist View of Life"]

[Text] The dear leader Comrade Kim Chong-il gave a profound scientific and theoretical explanation on the nature of the collectivist view of life and on principled problems in establishing it. This ideological theory is a valuable guideline that elucidates scientifically an opinion, a viewpoint, and a position on man's genuine life.

The dear leader Comrade Kim Chong-il noted: Life is very valuable to man. One's social and political life is more valuable than one's physical life. The life of a social group is more valuable than that of an individual. Only when the life of a social group exists can an individual life exist.

This proposition presented by the dear comrade leader is a valuable formula elucidating a new and original theory on the view of life. Generally, peoples' views of life are their opinions, viewpoints, and positions on human life. In the past, a human life was understood to be a physical life, which was regarded as the only life of a human being.

The chuche idea has elucidated that man has a physical life and a social and political life—the individual life and the social and political group's life—and that the social and political life, that is, the social and political group's life, is the most valuable. This great discovery enabled people to realize man's most valuable life, and a genuine view of life came about.

As elucidated by the dear comrade leader, there are two fundamentally antagonistic views of life—the collectivist view of life and the opposite, the individual view of life. The confrontation between the collectivist view of life and the individual view of life is represented by the difference in placing one above the other, a social and political group's life or an individual life.

The genuine view of life that man should have is the collectivist view of life, from which the life of a social and political group is considered more valuable than the life of an individual. The view of placing a social and political group's life above an individual life has relation to the fact that the former has immortal independent vitality.

The physical life of an individual has no need for an independent life, or vitality to realize it. Different from this, a social and political group has immortal independent vitality for developing its destiny independently and creatively. Herein are important grounds for the assumption that the collectivist view of life is a genuine view of life.

The collectivist view of life elucidates the viewpoint that an individual's social and political life springs from the life of a social and political group, as well as the correct position that an individual should devote itself to the development of a social and political group.

In nature, a human life does not stem from an individual, but from a group. Just like when only parents exist, a child's physical life can be born, only when a social and political group's life exists, the members of the group, individuals, can have their social and political lives. Just like a child's physical life comes from its parents, an individual's social and political life stems from the social and political group's life, its parent body. This is a common feature between the parent body of one's physical life and that of one's social and political life.

After birth, people can maintain their physical life without depending on their parents. However, after a person's social and political life is born from a social and political group, they can keep and develop it only when destiny is shared with the group without departing from it. This is the fundamental difference between the parent body of one's physical life and that of one's social and political life.

A social and political group not only gives a political life to each of its members, but plays a role for all its members to keep and develop their political lives forever.

As shown above, the substantial content and correctness of the collectivist view of life lies in its elucidation of the viewpoint that a social and political group's life is the parent body of a human life and that a genuine human life is unthinkable without this parent body.

The theory on the collectivist view of life elucidated by the dear leader Comrade Kim Chong-il enables people to have a correct attitude and position on their social and political group and the leader [suryong], its center. The basic content of the collectivist view of life is the viewpoint of considering the social and political group to be a united body with the leader as its center.

The leader is to prepare the party, the pivot of the social and political body; and build, consolidate, and develop a united body with the leader, the party, and the masses. The leader is not an individual, but the center of the social and political group. The social and political group is a consolidated, united body with the leader as its center.

The dear leader Comrade Kim Chong-il also gave a scientific explanation of principled problems arising in the course of embodying the collectivist view of life. The collectivist view of life evinces that the leader is the center of the social and political group's life. Like the center of a human organism's activities is the brain, the center of a social and political group is its leader, the top brain [choego noesu] of the group, all the way.

As the leader is the center of a social and political group's life, not an individual, loyalty to the leader is the most exalted expression of loyalty to the social and political group. The only way for people to have the most valuable social and political life and enjoy worthwhile lives forever is to fulfill their loyal duties for the leader, the parent body of their lives.

In conclusion, the theory on the collectivist view of life is the theoretical basis of the revolutionary view of leader.

Only with the collectivist view of life, one can have the revolutionary view of leader. Only those who keep the revolutionary view of leader can have the revolutionary view of life. The collectivist view of life has evinced that the principle of a revolutionary sense of duty and comradeship is more valuable than that of freedom and equality in mutual relations among social members.

The theory on the collectivist view of life also provides theoretical grounds for a profound explanation on the superiority of the socialist system. The intrinsic superiority of socialist democracy to bourgeois democracy can be explained fundamentally only based on the collectivist view of life. The intrinsic superiority of socialist democracy to bourgeois democracy lies in the intrinsic superiority of a group's social and political life to an individual's physical life.

Bourgeois democracy is based on individualism and considers individual freedom and equality to be the foremost ideal. However, people cannot be completely equal in an exploitative class society in which people are divided into classes that are hostile to one another. Different from this, socialist democracy is based on collectivism, considers it the foremost goal that everyone lives as the master of his or her destiny with a social and political life, and excellently guarantees individual freedom and equality.

The dear leader Comrade Kim Chong-il's complete elucidation of the theory on the collectivist view of life has made it possible to prepare the guiding principle in strengthening and developing the main forces of the revolution and in excellently raising chuche-type communist revolutionaries who have firmly established the revolutionary view of life and of the leader.

South Korea

Ways Studied To Provide Reactor to North

SK1608090494 Seoul YONHAP in English 0654 GMT 16 Aug 94

[Text] Seoul, Aug. 16 (YONHAP)—The government is studying formulas for providing North Korea with a 2,000-megawatt light-water reactor in collaboration with the United States and Japan.

A formula under study calls for forming an international consortium to that end with the United States serving as the representative shareholder, it was learned Tuesday [16 August].

The formula envisages making Westinghouse of the United States the primary contractor and South Korean and Japanese firms subsidiary contractors.

Experts from North Korea and the United States are expected soon to meet in Geneva to discuss details about the provision to North Korea of a 2,000-megawatt light-water reactor in accordance with the accord reached last Saturday in the Pyongyang-Washington Geneva talks.

A government official said that South Korean, American and Japanese firms are expected to jointly participate in the light-water reactor scheme. Share in the scheme will depend on how much financial support a country provides to the project, the official opined.

Provided that a South Korean-model light-water reactor is supplied to the North, the official said, South Korea would have to shoulder a considerable portion of the total cost.

The administration also plans to discuss with the United States and Japan the scope of credit and grant-type assistance involving the provision to North Korea of a light-water reactor.

An idea under review calls for offering grant aid for the portion covering the 5-megawatt reactor now in operation in Yongbyun, 50-megawatt and 200-megawatt reactors under construction in North Korea, totalling 255 megawatts, and credit aid for the remainder of a 2,000-megawatt reactor.

Project 'Must' Have ROK Reactors

SK1808054394 Seoul YONHAP in English 0451 GMT 18 Aug 94

[Text] Seoul, Aug. 18 (YONHAP)—President Kim Yong-sam, who concurrently heads the ruling Democratic Liberal Party (DLP), urged the party Thursday to change and make a new start as a party serving the people, noting the world is meeting an era of enormous changes for globalization, internationalization and regionalization.

Presiding over a meeting of the newly-formed Executive Council of the party at Chongwadae, Kim stressed the party must play the leading role in realizing clean elections and clean politics for reforms, adding "the party has just made a new start with the Executive Council reorganization yesterday."

Saying that what's most important now is inter-Korean relations and that what's clear now is the inter-Korean contest of political ideology is over, he called on the government and the DLP to be "fully prepared for national unification which many come at any time now."

On North Korea's light-water reactor program, Kim, explaining about his telephone discussion of the issue with U.S. President Bill Clinton Wednesday, said, "because we'll be responsible for the light-water reactor construction project, the reactors must absolutely be the South Korean model and South Korean technology and capital must be put in the project. This view was also shared by President Clinton."

He added, "the government had had full consultation with the U.S. Government during the recent U.S.-North

Korea talks in Geneva. I made it clear (during the telephone conversation with Clinton) that North Korea must not have even a half of a nuclear bomb for the existence of the 70 million Korean people and that only when North Korea allows special inspections of its two undeclared nuclear sites (South Korea) can support North Korea's light-water reactor project."

Kim said he had asked Clinton to remember his promise not to do anything the South Korean Government opposes and that Clinton promised again to maintain the close Seoul-Washington cooperation setup in the upcoming expert-level meetings with North Korea.

When the ruling party is united firmly, the national goals of increasing the international competitiveness of Korean products in the world market and becoming a member of the family of advanced countries will be achieved, he stressed.

No Plans for Gratuitous Support

SK1808055594 Seoul CHOSON ILBO in Korean 18 Aug 94 p 2

[Article by Ho Yong-pom]

[Text] On 17 August the National Assembly held a foreign affairs-reunification committee meeting for the first time since the third round of U.S.-North Korea talks were held and inquired into government measures for implementing special inspection to ensure North Korea's past nuclear transparency and for support of construction of light-water reactors. Pak Kon-u, vice foreign minister, and Kim Sam-hun, ambassador in charge of nuclear affairs, were called on to attend the meeting.

Stating that "it is difficult to understand why the ROK should bear most of the expenses for converting North Korean light-water reactors when there is no firm guarantee for special inspection and implementation of the joint declaration for denuclearization of the Korean peninsula," lawmakers from both the ruling and opposition parties called for measures to be taken to reexamine the overall cooperative system between the ROK and the United States.

In response, Vice Foreign Minister Pak Kon-u revealed that "during North Korea-U.S. talks, the United States explicitly stated that unless the North Korean side's commitment, including special inspection, is fulfilled, support for construction of light-water reactors cannot be provided, and there is no room for doubt."

Regarding the method of support for light-water reactors, Vice Foreign Minister Pak added that while "relevant countries are considering plans to extend credit and gratuitous support by forming a consortium among relevant countries, the ROK is not considering the option of gratuitous support. Most of the concrete details regarding support for light-water reactors, such as procedure, method of financial support, the participating countries, obligations of North Korea, and so forth, still remain unsolved."

Persuasion of Citizens Questioned

SK1808082194 Seoul YONHAP in English 0808 GMT 18 Aug 94

[Text] Seoul, Aug. 18 (YONHAP)—The government is racking its brains in persuading the people into bearing a considerable part of the financial burden for converting North Korea's graphite- processed reactor power plants into a light-water reactor plant.

Chances are high that South Korea will foot most of the conversion project cost, estimated at 4 billion U.S. dollars. Should this turn out to be the case, there will be no alternative for South Korea but to raise the money through taxation.

Could the citizens be persuaded with ease to shoulder so huge a tax burden? Some officials are concerned if an atmosphere won't prevail in which taxpapers feel that they, having yielded to the North's "nuclear threat," are forced to pay tax money to "a gang of thugs."

Furthermore, major opposition party leader Rep. Yi Ki-taek has demanded that the government obtain parliamentary approval before providing North Korea with light-water reactors.

Against such a background, the administration is working out formulas for publicizing the crucial need of offering light-water reactors to the North, and reducing direct public tax burden as much as possible.

It is for this reason that the administration plans to adhere to at least three principles. First, a light-water reactor power plant will be built in the North only if North Korea guarantees its nuclear transparency. Second, the reactors must be South Korean-model. And lastly, the United States and Japan should share the financial burden.

In this regard, Deputy Premier and Unification Minister Yi Hong- ku disclosed Wednesday that when Assistant U.S. Secretary of State Robert Gallucci visited Seoul late in July, he told Gallucci "were North Korea provided with Russian reactors, no South Korean would pay any tax." He also told an informal press conference that the United States and Japan, as well as South Korea, should share the financial burden of building light-water reactors in North Korea because the North Korean nuclear issue involves not only the Korean peninsula, but also the world.

The light-water reactor project will be undertaken only after Pyongyang makes transparent its past nuclear activities, Yi added.

Provided that these three principles are kept through the forthcoming U.S.-North Korea experts' discussions and in South Korea's negotiations with the United States and Japan, will the administration be relieved of the burden to persuade the people? The answer is negative because no small number of the people wouldn't still understand the need to provide financial assistance to North Korea.

To overcome this hurdle, the administration emphasizes that the proposed light-water reactor project aims at not only resolving the North's nuclear issue but promoting the welfare of the entire Korean people as well in preparation for national reunification.

In this context, President Kim Yong-sam, in expressing his government's willingness to support North Korea's light-water rector project with necessary capital and technology in his address commemorating the 49th anniversary of South Korea's liberation from Japanese colonial rule, stated it would become "the very first joint project for national development, leading to the establishment of a single community of the Korean people."

Unification Minister Yi also said that the project is being promoted "not because we fear North Korean threats, but because we want to promote the common welfare of the entire people."

It is not yet clear whether the administration will seek parliamentary approval of its plan for providing the North with light-water reactors. It is expected, however, that the administration will at least report the matter to the National Assembly.

This is not only because of the legal provision that the collection of all taxes has to be approved by the legislature, but also because of the current civilian administration's pledge to promote unification based on national consensus.

Touching on this matter, Deputy Premier Yi said, "We have not yet studied specific legal procedures. But since all policies of the administration have to obtain parliamentary approval, we will of course report to the National Assembly the matter involving light-water reactors."

It is likely, therefore, that how much the people will understand the need of providing financial aid to North Korea in connection with the light-water reactor project will be gauged in the process of a parliamentary debate of the issue.

Light-Water Reactors in DMZ Urged

SK1408045994 Seoul SEOUL SINMUN in Korean 14 Aug 94 p 2

[Text] It has been learned that the government will push ahead with its support for North Korean light-water reactors by linking the nuclear reactors with Seoul's plan to secure their site within the Demilitarized Zone [DMZ].

It is likely the United States will support constructing nuclear power stations in North Korea for the sake of formality, with the ROK carrying out the overall projects in a practical manner. The form of support will be a consortium participated in by the United States, South Korea, Japan, and Russia.

On 13 August, a high-ranking government official stated: "Since support for North Korea's light-water reactors will be carried out free of charge, we intend to push for their construction within the DMZ so as assist ourselves since we are finding it difficult to secure land. Thus, working-level officials in our government have been studying a plan to designate the site for electricity power production in the DMZ under an agreement between North and South Korea."

This official added: "Detailed contents of the agreement between the United States and North Korea regarding support for light-water reactors have not been made public. However, it is likely that when support is to be provided for building two light-water reactors, we will undertake practically the entire process, from the designation of the site to technological support." He stated: "The United States will represent the consortium, but will provide only the core instruments of the light-water reactors; Japan will share part of the expenses in the form of post-war compensation, and Russia will offer uranium enrichment technology."

Lawmaker on North Nuclear Transparency, Clinton

SK1408050294 Seoul THE KOREA HERALD SUPPLEMENT in English 14 Aug 94 p 2

[By staff reporter Sin Yong-pae]

[Text] Seoul and Washington officials have said both countries have closely cooperated in their efforts to resolve North Korea's nuclear dispute.

They have also maintained that North Korea should not only guarantee its nuclear transparency but also clarify its past activities related to the nuclear development program.

But some politicians and scholars here have raised a possibility that Washington may take a "blind-eye" policy toward the North's past nuclear transparency.

Rep. Pak Chong-su of the Democratic Liberal Party (DLP) seems to be one of the politicians who worries about the likelihood that the Clinton administration may not take issue with the North's past nuclear activities for a quick settlement of the nuclear standoff.

Pointing out that Clinton has proved his diplomatic inability in handling the civil wars in Bosnia and Somalia, Pak said yesterday that the U.S. president may find a break-through the settlement of the North's nuclear issues.

"Clinton is in a position where he has to show his administration's diplomatic boost ahead of the parliamentary elections in November," the senior DLP lawmaker said in an interview with THE KOREA HERALD.

In consideration of such a possibility, he said, the Seoul government should focus its diplomatic swing on the Washington government so that the guarantee on the past nuclear transparency from North Korea will be ensured.

At the same time, Pak called for the government to take a corresponding step if North Korea fails to clarify its past nuclear activities.

"We can't but stand at a position in which we are forced to reconsider the inter-Korean declaration on denuclearization (in 1992)," said Pak, 62, a member of the National Assembly Foreign Affairs and Unification Committee.

The reconsideration will eventually lead to a nuclear arms race in the Northeast Asian region by prodding Japan to become a nuclear power, the four-term lawmaker said.

Accordingly, he said, North Korea should accept international and inter-Korean inspections of its suspected nuclear facilities to guarantee its nuclear transparency.

Pak also assumed that North Korea has already possessed nuclear weapons, citing a North Korean official's controversial threat in March that Seoul will become a sea of fire in case of a war on the Korean Peninsula.

The remark indicates that North Korea has reached a stage of which it can clear its completion of nuclear development, he said.

"If it is true that North Korea has nuclear bombs, the United States should buy them in return for accepting the North's demands including diplomatic ties with Washington," said the former chairman of the Assembly committee.

Stressing the need for dialogue between South and North Korea to prevent a war on the Korean Peninsula, the veteran politician said the North should find out ways for co-prosperity with the South by faithfully implementing the 1992 inter-Korean basic accord aimed at easing tension on the peninsula.

Turning to the North Korean leadership change, the scholar- turned-lawmaker said it is desirable for the North to be controlled by Kim Chong-il for the time being.

"North Korea could avoid chaos and unrest only when the eldest son of late Kim Il-song is picked as national leader," the expert in foreign affairs said.

He reasoned that if the North becomes unstable because of a serious power struggle, it would heighten tension on the Korean Peninsula.

There have been some reports that Kim Chong-il is facing strong competition in the power succession after the death of Kim Il-song.

Above all, Pak said, North Korea should maintain stability in order to push for an open-door and reform policy.

"At the same time, South Korea should seek international cooperation and inter-Korean dialogue to foster an atmosphere which will help North Korea take an open-door-policy," he stressed.

He also expressed hope that the government will continue intensifying its diplomatic efforts to maintain a close relationship with Japan, China and Russia in order to enhance the nation's status in the international community.

In addition, he called for the government to spur its diplomatic activities in Asia-Pacific region through active participation in regional organizations such as APEC [Asia-Pacific Economic Council] and ASEAN.

Finally, the DLP lawmaker asked the government to maintain a consistent policy on North Korea's nuclear issue, adding that officials in charge of foreign affairs and national security have so far done their duties well.

Rep. Pak had served as professor of Myongji and Kukmin universities before entering the political community as a ruling party lawmaker after the 11th parliamentary election.

Pak, who earned a doctorate from American University, was elected from Kimchon-Kumnung district in North Kyongsang Province during the previous general election in 1992.

Seoul Studies Supplying Electricity to North

SK1608080894 Seoul YONHAP in English 0518 GMT 16 Aug 94

[Text] Seoul, Aug. 16 (YONHAP)—The government is examining in detail ways to transmit electricity to North Korea amid reports that Pyongyang has showed favorable response to U.S. arrangements for power supply from South Korea and China, officials said Tuesday [16 August].

According to officials of the Trade, Industry and Energy Ministry and Korea Electric Power Corporation (KEPCO), the peak loads of power demand in North Korea are reported at night-time in a normal day and in winter in a year while South Korea sees the maximum demands in daytime and summer.

Therefore, it may be possible for the South to supply the electricity to the North in winter when the North suffers from shortage of power supply, although the supply may be difficult in summer when the South does not have much surplus power supply.

The United States made the offer during its nuclear talks with North Korea in Geneva last week as a response to Pyongyang's request that Washington provide energy alternatives until construction of the U.S.-offered light-water reactor power plant is completed because halting both operation of the existing graphite-moderated 5-megawatt reactor and construction of 50-megawatt and 200-megawatt reactors of the same model would cause a grave energy crisis in North Korea.

If the inter-Korean cooperation for the power supply is agreed on, the government and KEPCO plan to first connect substations in Munsan in South Korea and Pyongsan in North Korea to supply about 200,000 kilowatt electric power to the North.

The distance between the substations is only 60 kilometers and their voltages are the same with 154 kilovolts, making it possible to send electricity to the North in an early date only if power cables are connected.

If mutual trust was built between the South and North with the first stage cooperation, the government and the KEPCO would plan to link a major substation Yangju in the South to one in Pyongyang.

The voltage in Yangju substation is 345 kilovolts while that in Pyongyang substation is 220 kilovolts. The distance between the two substations is about 200 kilometers.

In 1991, North Korea's power generation capacity was 7,140,000 kilowatts per hour, of which water-power and coal-power generation claims about 60 percent, according to KEPCO officials.

In contrast, South Korea's electric power supply capacity is expected to reach 28 million kilowatts this year.

The maximum demands for electricity in winter is about 20 million kilowatts in South Korea with surplus production reaching 2 million- 3 million kilowatts, even after putting aside a reserve amounting to about 10-15 percent of the total power generation capacity, KEPCO officials said.

The 2 million-3 million kilowatts of electric power supply will be a great help to North Korea, since the amount is almost half the total North Korean power supply, according to KEPCO officials.

DPRK Loggers Enroll in Vocational Institute

SK1808074194 Seoul YONHAP in English 0733 GMT 18 Aug 94

[Text] Seoul, Aug.18 (YONHAP)—Six North Koreans who defected to the South from Siberian logging camps last May were recently admitted to a vocational training center in a sharp policy shift of the government which used to employ North Korean defectors for publicity activities, according to police sources Thursday.

The government decided to admit the former North Korean loggers into the state-run Chungsoo Vocational Training Institute in central Seoul because it could not employ all the North Korean defectors as publicity agents to promote security-awareness against the North due to a rapid increasing number of North Korean defectors, according to the sources.

The six former North Korean loggers will be trained in motor vehicle maintenance or electronics for one year before being offered jobs in related fields, said the sources.

The government has so far provided compensation money to North Korean defectors and employed them as publicity agents against the North.

The six North Koreans are Choe Chong-nam, 36; Kim Tong-on, 35; Paek Ho-chol, 28; Won Yu-chin, 25; Chang Il-on, 30; and Kim Song-chol, 33.

Government To Reduce Funds for Defectors

SK1808062394 Seoul CHOSON ILBO in Korean 18 Aug 94 p 2

[Report by Yi Chol-min: "Drastic Reduction of Resettlement Funds for Defectors"]

[Text] The amount of resettlement funds for each North Korean defector is to be reduced drastically to a level of one-third of the present amount.

Recently, with the string of defections by loggers in Siberia and of North Koreans to South Korea, there has been a drastic increase in the amount of funds paid for their resettlement in the ROK. Thus, the Ministry of Public Health and Social Affairs on 17 August worked out a revised draft of the "law on protection of defected North Korean compatriots," stipulating a drastic reduction in assistance in resettlement funds, and laid the draft before the cabinet meeting.

The present law prescribes that 60 times the lowest monthly salary (approximately 245,210 won as of this year) in South Korea, which amounts to 14.72 million won, be paid to a single defector for resettlement; 80 times for a family of two, and 100 times to a family with three members. According to the revised plan, however, this fund will be divided into two categories, basic fund and additional fund. The basic fund will be reduced to 20 times; 30 times, and 40 times respectively. Additional funds will be paid to defectors according to their age, health condition, and working ability, and will not exceed 60 times the lowest monthly salary. Up to the present, the government provided defectors with a house under 15 pyong [one pyong is equivalent to approximately 8 cubic yards] free of charge or provided them with money for rent. However, from now on, the Ministry plans to arrange to provide loans for the amount required to rent a house. The present law will apply to those who defected before the effectuation of the revised law and to those who have already submitted a protection request to the Committee for Protection of Defected Compatriots.

Agency Reports Defector Falsified Background

SK1808083294 Seoul YONHAP in English 0813 GMT 18 Aug 94

[Text] Seoul, Aug. 18 (YONHAP)—One of the eight North Korean loggers who arrived here on Tuesday in defection from North Korea has been proved to be not a real logger from a North Korea logging camp in Siberia, the Agency for National Security Planning (NSP) said Thursday.

He is Chon Myong-su, 54.

Chon told NSP interrogators his real name is Pak Mun-dok and that he fled to China from North Korea in July 1975, while working at a coal mine in North Korea, an NSP official said.

In April 1991, he had visited South Korea, disguised as the husband of a Korean-Chinese woman with whom he lived, only to be deported because his visit was found unlawful.

In September 1992, he again fled to Siberia for fear that his North Korean nationality would be revealed in China, and in Siberia he provided a hiding place for North Korean loggers fleeing from their camps.

And in early this year he again disguised himself as a North Korean logger in Siberia to take refuge in South Korea, the official said.

Applications for Contact With North Increase

SK1808080094 Seoul YONHAP in English 0204 GMT 18 Aug 94

[Text] Seoul, Aug. 18 (YONHAP)—The number of people seeking government approval for their possible contacts with North Korean citizens is increasing rapidly, government officials said on Thursday.

Applications for inter-Korean contacts filed in July totaled 125, up 60 percent from an average 75 per month in the first half of this year, the officials said.

The increase was attributed to the growing expectations of revitalized inter-Korean exchange following the June 28 agreement for inter-Korean summit.

Applications filed by members of the families separated during the Korean war topped the list with 68 cases, followed by those filed by businessmen for economic purposes totaling 36.

Sixteen people applied for contact with North Korean residents to discuss inter-Korean cargo transportation, while four others sought approvals for academic exchanges.

Five of the applications were for religious contacts while three were for cultural exchanges and one was for sport exchange. The remaining seven applications cited other purposes.

Minister on Tasks Facing DPRK's New Regime

SK1808101794 Seoul YONHAP in English 1010 GMT 18 Aug 94

[Text] Stockholm, Aug. 18 (YONHAP)—The fate of the Korean peninsula and Northeast Asia depends much on the choices of North Korea's new regime which stands before dividing roads between unification and division and between openness and isolation, South Korean Foreign Minister Han Sung-chu said Thursday [18 August].

"Ironically, the death of North Korean President Kim Il-song offers both Koreas such a rare opportunity as well as formidable challenges," Han said in his speech at the Swedish Institute of International Affairs titled "The Future of the Korean Peninsula."

"To say the least, it would signify the end of an era which provided a cause for the past half century of our national division," he said.

Predicting the regime of Kim Chong-il, son of late North Korean President Kim Il-song, to be preoccupied with his power consolidation, Han named the new heir's two key tasks—economic improvement and breaking out from diplomatic shell.

But Pyongyang's opening and reform measures will be much controlled, Han said, "one can only presume that North Korea will pursue a policy of controlled opening to the extent that it will not undermine the stability of the regime itself."

The foreign minister enumerated three tasks for the Seoul government aimed at national unification—management of national division, unification itself, and preparation for post-unification era.

Pyongyang's dealings on its nuclear problem is the ultimate factor that draws the fate of the Korean peninsula, Han concluded, "how the new leadership of North Korea deals with the nuclear issue will provide a test case, and have a far-reaching implication for future relationship between the two Koreas."

IZVESTIYA: No Possibility of Coup in North

SK1608075194 Seoul YONHAP in English 0112 GMT 16 Aug 94

[Text] Moscow, Aug. 16 (YONHAP)—North Korea, though in a transition period, has no possibility of experiencing a coup d'etat against its new leader Kim Chong-il in the light of its internal situation, the daily IZVESTIYA reported Tuesday [16 August].

The leadership of the North Korean People's Armed Forces under the country's socialist system is incapable of executing a role like that played by their counterparts in Latin American and Southeast Asian countries and South Korea, the daily said.

Explaining the reason, the daily said that in addition to the tight control the military security setup wields over every happening in the military, officers in particular are obedient more to the Ministry of Public Security than to the Ministry of People's Armed Forces.

Not only officers but other social organizations in the North do not know what will take place next, the daily went on, and accordingly they will pay sharp attention to possible shakeup in the leadership for a certain period of time in a passive manner.

It will take some time for Kim Chong-il's colleagues in the Workers Party Political Bureau to get accustomed to life devoid of Kim Il-song and to realize that the junior Kim is not as fearful as his late father, the daily analyzed.

In the meantime, Kim Chong-il, the ambitious new North Korean leader, taking advantage of the successful compromise reached in nuclear talks with the United States, wants to visit foreign countries and particularly the United States. There is no room for doubt, the daily said, that through such international political events he intends to hold a "magnificent coronation."

It is important to drag Kim Chong-il out to the outside world at any cost and help North Korea open itself partially at least, the paper added.

Should North Korea's leadership agree to visiting Seoul, Washington, Tokyo and Geneva, the paper said, the agreement itself would constitute opening and upheaval for Kim Chong-il and his group and signal the start of reform in Pyongyang.

Though his biggest task is to preserve his father's inheritance, that is, to maintain power, the paper predicted, Kim Chong-il will gradually open up "the iron curtain" through negotiations with South Korea, the United States and Japan.

Source Reports Kim Chong-il Suffers Paralysis

SK1808124394 Seoul YONHAP in English 1226 GMT 18 Aug 94

[Text] Seoul, Aug. 18 (YONHAP)—North Korea's Kim Chong-il has been suffering paralysis since last autumn and his case grew so serious last January that he could not go out, the monthly [WOLGAN] CHOSUN reported in its September issue.

The monthly said it confirmed this in an interview with a relative of a senior North Korean official, who lives in China. "Kim Chong-il has been paralyzed on his left side," an article of the monthly said.

It claimed that toward the end of last January, Kim Chong-il sent three secret emissaries including a Politburo member to China to obtain herb medicine specially produced by the doctors of "Tongrentang," a leading state-run Chinese herb pharmaceutical firm.

Two months later in March, five Chinese doctors were invited to Pyongyang for his treatment, the article said.

"Because of numb and paralysed hands and feet, he cannot walk properly nor can sleep well at night," the emissaries explained about Kim Chong-il's case during their visit to Beijing in January, according to the monthly.

Sogang University President Explains Remarks

SK1708012294 Seoul YONHAP in English 0021 GMT 17 Aug 94

[Text] Seoul, Aug. 17 (YONHAP)—Sogang University president Pak Hong on Tuesday explained he was misquoted by a newspaper as having alleged that an opposition party has 750 Jusapa members. "I said there are 750 Jusapa members in the political, press and religious circles all combined," he elucidated.

Pak made the explanation Tuesday afternoon in a telephone conversation with Chief Secretary Mun Hi-sang to opposition Democratic Party Chairman Yi Ki-taek.

Jusapa refers to followers of the late North Korean leader Kim Il-song's juche or self-reliance ideology.

The Sogang University president also explained that 99.95 percent of the Jusapa he mentioned are not communists, and that he made the remarks "merely out of a goodwill to prevent them from being dragged into North Korea's unification strategy," according to Chief Secretary Mun.

Informed of the Democratic Party's move to have a protest team call on him Tuesday, Pak reportedly asked for delaying the visit by a few days on account of an imminent prosecution enquiry.

As for the coming questioning, President Pak who is also a Catholic priest said he would not make any statements that might cause troubles to his disciples and others who had provided him with information, according to Mun.

Prosecution To Ask Pak Hong for Verification

SK1508100694 Seoul YONHAP in English 0919 GMT 15 Aug 94

[Text] Seoul, Aug. 15 (YONHAP)—The Prosecutor-General's Office ordered an investigation Monday [15 August] on university prexy Pak Hong about his claim that pro-North Korean figures have deeply infiltrated South Korea's campus, religious, media and political circles.

"It's time for park to provide concrete evidence about what he has been saying," said Choe Whan, head of the Public Security Division at the Prosecutor-General's Office, "We intend to demand proof if he has it to back up his claims."

Pak, president of Sogang University, stirred up the nation when he insisted that the so-called "chusapa," a term for worshipers of North Korea's "chuche (self-reliance)" ideology, is at the core of student movement.

He later said even some university professors belong to chusapa. In an interview in Los Angeles before his return to Seoul Sunday from a U.S. visit, the prexy claimed that chusapa members have also infiltrated the religious circles, the press and political parties.

Prosecution officials said they may choose to meet Pak somewhere else instead of summoning him to their office or do the questioning on paper.

The prosecution will launch investigation based on Pak's testimony and take action if specific charges are confirmed, they said.

The prosecution will probe whom Pak meant when he said some university professors actually received scholarship from North Korea, the officials said.

President To 'Root Out' 'Chusapa' From Campuses

SK1708042194 Seoul YONHAP in English 0144 GMT 17 Aug 94

[Text] Seoul, Aug. 17 (YONHAP)—President Kim Yong-sam warned Tuesday that the government would mobilize all law-enforcement offices to eradicate the so-called "Chusapa" or the followers of North Korea's chuche (self-reliance) thoughts from the nation's college campuses.

President Kim stressed that the government will by no means tolerate illegal and radical activism of the Chusapa students defying the national law and order and the nation's democratic system.

"By mobilizing all law-enforcing forces, the government will root out Chusapa students within the campus," said the president in a dinner meeting at Chongwadae with a group of ruling Democratic Liberal Party lawmakers.

With regard to the U.S.-North Korean talks in Geneva, President Kim revealed that in the course of proceeding the talks, South Korea and the United States "maintained their close cooperative system incessantly coordinating their positions."

"In particular, high officials of our Foreign Ministry communicated over the phone every day with U.S. chief delegate Robert Gallucci on the progress of the Washington-Pyongyang dialogue," he said.

"There are still many issues to be resolved such as the installation of representative offices," he pointed out and reaffirmed South Korea is willing to support the construction of light-water nuclear reators in North Korea if the North's nuclear transparency is guaranteed.

Seoul To Allow Economic Cooperation With North

SK1408064594 Seoul KYONGHYANG SINMUN in Korean 14 Aug 94 p 1

[By reporter Chang Yun-yong]

[Text] With the DPRK-U.S. talks having ended in success, the government feels it inevitable to rectify its existing strategy of economic cooperation with the North, a strategy which links the solution of the nuclear issue with economic cooperation. Therefore, it has been learned that the government will make public at an early date its official stance to pursue economic cooperation separate from seeking a solution of the nuclear issue.

The government decided to speed up a meeting of the South-North Joint Economic Committee in case South-North cooperation can be galvanized in proportion to the progress made in the DPRK-U.S. talks.

To this end, the government decided to reexamine its proposal for a three-stage economic cooperation, giving priority to projects which are aimed at providing North Korea with economic support, such as food and energy. Meanwhile, it has been learned that the government will soon allow businessmen to have contacts with their North Korean counterparts via third countries. Such contacts have been banned since Kim Il-song's death.

The government is also studying a way to supply North Korea with funds in the form of loans rather than financial assistance in case an ROK-type light-water reactor is accepted.

On 13 August, a concerned high-ranking government official said: "We have to watch the progress of the future talks. However, now is the time to examine in a forward-looking manner whether to withdraw the policy of 'seeking a solution of the nuclear issue first before pushing for economic cooperation.' The policy was once regarded as an obstacle to the galvanization of economic cooperation."

He added: "I understand the government is now studying when to make public its official stance to push for economic cooperation as separate from seeking a solution of the nuclear issue."

The official went on to say: "If an ROK-type light-water reactor is accepted, it is necessary to supply North Korea with funds, either in the form of financial assistance or loans amounting to thousands of billions of Korean currency. A detailed way to aid North Korea with funds is now under study, but it is judged that assistance in the form of loan is desirable."

South Firms Reportedly Allowed Into Najin

SK1808065994 Seoul MAEIL KYONGJE SINMUN in Korean 18 Aug 94 p 2

[Text] North Korea has reportedly decided to allow ROK companies operating in Hunchun, China, to advance into the Najin-Sonbong region with no conditions attached, and Lucky-Gold Star and other companies have been earnestly preparing to advance into this area.

Jin Tie, chief of the Tumen River Development Department of Hunchun, said on 9 August: "Kim Chong-u, chairman of North Korea's External Economic Cooperation Committee, told our side's delegation, which visited North Korea late in June to discuss the use of Najin port, that they had decided to allow any South Korean company operating in Hunchun to advance into the Najin-Sonbong region with no conditions attached." He also said: "North Korea's Kim Chong-u asked Hunchun city to cooperate in this matter." He also said: "After President Kim Il-song died, Hunchun city asked North Korea to confirm that its policy remained unchanged and that was found to be the case. North Korea even listed the names of South Korean companies that it wanted to see invest in the Najin-Sonbong region."

It was learned on 17 August that, among the companies North Korea informed of this offer through Hunchun city, Lucky-Gold Star plans to build a petrochemical plant; Tong-A Construction Company plans to participate in a Najin port expansion project and build a warehouse; Lotte plans to build a beverage plant; Samsung plans to participate in a plan to expand the communications network; Hyundai Heavy Industries plans to participate in a railway construction project; Ssangbangul plans to build a textile plant; and companies owned by the Unification Church plan to participate in infrastructural projects. It was also learned that these companies had already requested government approval for their plans to contact North Koreans in connection with these projects.

A businessman concerned said: Some of the companies have already received letters of invitation and memoranda on personal safety from North Korea. They are waiting for government approval of their investments.

Witness: Two North Escapees to PRC Sent Back

SK1708045494 Seoul CHOSON ILBO in Korean 17 Aug 94 p 1

[By Kim Yon-kuk from Yanbian]

[Text] Two armed North Korean soldiers crossed the Tumen River to escape to Kaishantun, Yanji Province, China in late June, but they were caught by the Chinese public security personnel and sent back to North Korea.

The two soldiers of North Korea's People's Army carrying Tolgyok guns, North Korea's magazine rifles, escaped from North Korea late June. While they hid themselves in a barracks of laborers at a construction site in Kaishantun, they shot three Chinese laborers to death and injured one, mistaking them to be a North Korean detention team, and were soon apprehended.

It has been learned that three North Korean soldiers attempted to escape at the same time. However, one of them failed to escape over the Tumen River, and the other two entered China. The Chinese public security authorities who had been informed of the North Korean soldiers' escape by North Korea, made an emergency search for them in border areas, such as Kaishantun and Tumen, and finally caught and handed them over to North Korea.

The arrested North Korean soldiers were repatriated to North Korea via a bridge linking China's Kaishantun and North Korea's Sambong, the North Korean authorities tried to pierce their noses as they recoverd the two. However, because of strong protest by the ethnic Koreans watching from the Chinese side and their brutal cries, the North Korean authorities put them in irons and took them away, according to a Korean ethnic resident who witnessed the scene.

U.S. Experts Predict Unification by Absorption

SK1808114594 Seoul YONHAP in English 1056 GMT 18 Aug 94

[Text] Seoul, Aug. 18 (YONHAP)—About two thirds of U.S. experts in East Asia affairs predict that the two Koreas would be unified in ten years in the form of South Korea absorbing the North, a recent opinion survey has showed.

The poll was taken among 52 Northeast Asia experts at the Center for Strategic International Studies (CSIS) and 12 other leading U.S. security and military-related institutes in last April and May by Dr. Kwon Tae-yong, deputy director of the Korea Institute for Defense Affairs (KIDA).

Of the respondents, 66 percent said unification would be attained in 10 years, 32 percent in 20 years and only 2 percent said unification would come after 20 years.

Regarding the method of unification, 68 percent replied unification would take the form of South Korea absorbing North Korea, 28 percent said it would be under a phased method through mutual agreement, and 4 percent said unification would be achieved by force of arms.

Asked about the advisability of U.S.-North Korea relations normalization, 26 percent said relations normalization is necessary for the resolution of the North Korean nuclear question, and 58 percent replied there should be direct and indirect economic support (for North Korea) in addition to diplomatic normalization.

On the nuclear question, 52 percent of the pollees observed North Korea would develop nuclear arms at any cost and 50 percent said the United States would connive at the existing nuclear arms of North Korea so long as Pyongyang remains under the Nuclear Nonproliferation Treaty (NPT) and does not produce nuclear arms any further.

Gallucci 'Likely' To Visit ROK 'End' of Aug

SK1808032894 Seoul YONHAP in English 0300 GMT 18 Aug 94

[Text] Washington, Aug. 17 (YONHAP)—Assistant U.S. Secretary of State Robert Gallucci is likely to visit South

Korea, Japan, China and Russia toward the end of this month to have additional consultations on supporting North Korea's light-water nuclear reactor project, a diplomatic source here said Wednesday.

Gallucci's aides declined to confirm whether or not he had the plan, but dropped a vague hint at the possibility of his trip to the countries, saying that there might be an announcement if the plan took shape.

The diplomatic source, however, said he understood Gallucci is planning a trip to have an additional discussion with South Korea and other related countries on the issue of the North Korean nuclear reactor, pointing out that there still is a heap of problems to be addressed before getting down to a full-fledged discussion of the assistance.

State Department Spokesman Mike McCurry admitted during a regular press briefing in the day that there was a need to have further discussions with related countries, including South Korea. He noted that plans to be presented to Pyongyang with regard to the assistance program have not yet been determined.

An aide to Gallucci, noting an expert-level meeting between the United States and North Korea will start early September, said that the experts are expected to consult intensely on matters concerning the assistance for the light-water reactor system and the treatment of spent fuel rods.

Asked on the possibility that the expert meeting would deal with the issue of special inspection by the International Atomic Energy Agency (IAEA), he replied the issue still remained a major American concern as mentioned in the joint agreement of U.S.-North Korean talks in Geneva.

Divided into four subcommittee sessions, the expert meeting is expected to be held alternately in the United States and North Korea until the follow-up meeting of third round of high-level talks slated for Sept. 23.

Meanwhile, Russian Vice Foreign Minister Alexandr Panov reaffired his country's willingness to provide technical assistance for North Korea's light-water nuclear reactor program.

In an interview with INTERFAX monitored here, Panov revealed that a Russian technician team had already made a field trip to the site where a (Russian-model) light-water reactor would be constructed.

Panov's remarks drew attention in that they ran counter to a widely-held belief that South Korean models would be provided to North Korea.

U.S., ROK Agree on Control of U.S. Fleet

SK1808102194 Seoul YONHAP in English 1015 GMT 18 Aug 94

[Text] Seoul, Aug. 18 (YONHAP)—South Korea and the United States have agreed to place the operational control of the Seventh U.S. fleet, now being exercised by the U.S. Pacific Forces Command, under the Korea-U.S. Combined Forces Command (CFC) in war time, it was reported on Thursday.

"Korea and the United States have agreed on the wartime transfer of the operational control of the Seventh U.S. Fleet," a senior officer of the Korean Joint Chiefs of Staff said in a press conference.

Stating that the agreement would take effect on Sept. 1, the officer said the new system will be test-employed during the "Ulchi Focus Lens" military exercise set to begin on Aug. 22.

He said that if a war flares up on the Korean peninsula, the CFC commander would under the system name the commander of the Seventh U.S. fleet as the commander of the Korea-U.S. Naval Forces.

"The new system will have the effect of drastically beefing up the ability of the South Korean and U.S. Naval Forces to be deployed in the seas around the Korean peninsula in emergency," he explained.

The upcoming "Ulchi Focus Lens" exercise will also test-operate a new measure in which the South Korean Forces provide the security of main supply routes during the movement of U.S. reinforcement troops from the rear Second Army area to the frontline zone, the officer added.

Electronics 'Losing' Ground in Japanese Market

SK1608030394 Seoul THE KOREA TIMES in English 16 Aug 94 p 8

[Text] Despite the valuable chance to increase exports created by the strong Japanese currency, Korean electronics makers are increasingly losing the opportunity to do so, driven out by cheap electronic products that have been produced in Japan's overseas factories in Southeast Asia and China.

Faced with the accelerating currency appreciation and an upsurge in labor costs, Japanese electronics producers, which have been relocating their production bases to Southeast Asia and China, are importing goods manufactured there massively.

The Japanese makers, in particular, tend to lower prices sharply when reexporting them, offering low prices in Southeast Asia to compete against Korean goods, industry analysts said.

However, Korean electronics makers, which have recently tried to explore overseas markets with their own brands, are unable to cut prices.

As a result, such Korean electronics giants as Samsung Electronics and Goldstar face an uphill battle increasing exports to Japan and Southeast Asia, cashing in on the strong yen.

Samsung Electronics has been exporting 4-head hi-fi VCRs to Japan at 75,000 yen per unit but is being beaten out by Japan's Victor, which offers the same-class product manufactured in the Philippines at 69,000 yen.

Korean-made 25-inch television sets are priced at 60,000 yen in Japan against 54,000 yen for the same Japanese product that has been manufactured in Southeast Asia on an OEM (original equipment manufacturing) basis.

Korean-made washing machines and electronic ranges are also priced about 3,000 yen higher than Japanese goods produced in Southeast Asia and China.

Ministry Distributes Flights to PRC

SK1808114294 Seoul YONHAP in English 1019 GMT 18 Aug 94

[Text] Seoul, Aug. 18 (YONHAP)—Korean Air (KAL) will operate five regular passenger flights and Asiana four a week along the Seoul-Beijing route, the Transportation Ministry reported Thursday.

Announcing the distribution of flights to and from five Chinese cities between the two Korean-flag airlines, a ministry official said Asiana will fly six flights a week between Seoul and Shanghai while KAL will furnish three flights a week along the Seoul- Shenyang, Seoul-Tianjin and Seoul-Qingdao routes, respectively.

The flights to and from Beijing and Shanghai will be on a medium-size plane (260-seat A-300, B-767) basis and those for the routes to Shenyang, Tianjin and Qingtao on the basis of small planes (160-seat MD-82, B-737), he said.

The distribution was based on the Korea-China aviation agreement signed on July 27, said the official, adding that the flights would be launched in mid-November instead of toward the end of the year as earlier planned.

With the scheduled flights to China, KAL would regularly serve 51 cities in 26 countries and late-comer Asiana 21 cities in nine countries.

PRC Surpasses South in Industrial Production

SK1608090994 Seoul YONHAP in English 0751 GMT 16 Aug 94

[Text] Seoul, Aug. 16 (YONHAP)—China has surpassed South Korea in the production volumes of almost all major industrial goods and their gaps are widening rapidly year after year, economic sources here said Tuesday [16 August].

Sources at the Korea Chamber of Commerce and Industry (KCCI) and the Electronic Industries Association of Korea said that China's major industrial outputs started to surpass those of South Korea a few years ago, leaving South Korea now far lagging behind the socialist country in some products.

In the color television receiver production, Korea had slightly led China until 1992. However, China began to pass South Korea from last year with its total production reaching 13.87 million sets against South Korea's 12.30 million sets.

China became the world largest black-and-white television producer last year with 14.97 million sets while Korea manufactured only 1.20 million sets for export.

Last year China produced 6.21 million home refrigerators, but Korea's production remained at 3.58 million units. In addition, Korea's home washing machine production of 2.29 millions remained at the one-fourth level of China's 8.76 millions.

Korea was also far led by China in the production of air conditioners by 825,000 to 2,910,000.

China also posted a good result in the synthetic fiber production with 2.21 million tons, compared with Korea's 1.60 million tons.

China retained world's second largest production of steel after Japan with 88 million tons and this year is expected to see the socialist country rise to the world's top place with more than 100 million tons this year. Last year, Korea's steel production remained at 33 million tons.

China also enjoyed its definite superiority in the cement production with 356 million tons over Korea's 46.90 million tons.

Korea outperformed China only in the automobile production by 2. 5 million to 1.31 million. The sources, however, forecast that China is expected to overtake South Korea before the year 2000.

PRC Envoy Urges Investment in China

SK1808075994 Seoul YONHAP in English 0611 GMT 18 Aug 94

[Text] Seoul, Aug. 18 (YONHAP)—Chinese Ambassador to Seoul Zhang Tingyan on Thursday urged prospective South Korean investors in his country to give their primary consideration to large-scale projects.

Zhang said, in a breakfast meeting hosted by the Korea Chamber of Commerce and Industry (KCCI), that South Korean enterprises have invested in rather small-scale businesses in China so far but that they need to turn their attention to big-scale business projects from now on.

There is still much room for the economic cooperation between the two countries to grow, given their economic potentialities, he said, although it has made a great stride over the last two years.

South Korea accounts for a mere 0.59 percent of the total foreign investment in China in terms of number of investment cases and a still lower 0.44 percent in terms of amount, Zhang said.

He, however, expected that South Korean businesses' shift to bigger-scale and diversified investment in China may pick up speed soon along with the Daewoo Business Group's 300-million U.S.-dollar investment in Shandong Province and Goldstar Co.'s construction of a 130-million dollar color TV braun tube plant.

South Korea invested 590 million dollars in China in 616 cases last year, going beyond the total investment between 1988 and 1992, he noted.

"China has placed emphasis on attracting foreign investment in the general industry fields so far," he said, "but it now plans to actively invite foreign capital to farming, stock farming and resources development in inland areas."

Firm To Perform Customs Clearance for Russia

SK1608025994 Seoul THE KOREA HERALD in English 16 Aug 94 p 8

[By staff reporter Kang Sok-chae]

[Text] Chronic procrastination in customs clearance, a shortage of port facilities and a long delay in cargo delivery have been cited as the reasons why Korean exporters have been reluctant to do business with Russians.

In a move to help solve these problems, customs administrators of Korea and Russia implemented a Customs Preclearance Declaration (CPD) system beginning Aug. 1 this year.

Under the system, a Russian government-designated customs broker firm in Seoul performs all activities concerning import clearance procedures, including import clearance procedures, including import declaration, for export cargoes to Russia before shipment, instead of Russian customs houses.

Russian customs only levy customs duties on the precleared imports from Korea without further import inspection.

"The system has shortened the delivery time of Korean exports to Russia from three months on average to one month," said Yi Sang-ku, president of ITS Corp. [expansion unknown], in an interview.

ITS Corp. was set up in June 1992 as the sole Russian government- designated customs broker company for the preclearance system.

ITS, whose company name was Russia-Asia Customs Preclearance Co. until last May, earned the right from the State Customs Committee of the Russian Federation to perform preclearance duties for all exports to Russia from Asian countries.

"For Korean exporters, especially of daily necessities and household appliances, Russia has been regarded as one of the most profitable markets in the world but its trade volume has remained at a low level because of chronic delays in customs clearance procedures and a lack of port facilities and poor infrastructure there," Yi said.

He expected the preclearance system to sharply reduce local exporters' logistics costs and to increase the volume of Korean exports to Russia.

In the first half of this year, Korea exported $428 million worth of merchandise to Russia against an import of $575 million.

Russia offered to implement the customs preclearance declaration system to help facilitate the clearance of goods and promote trade between the two countries.

The Korean Customs Administration and the State Customs Committee of the Russian Federation agreed to introduce the preclearance system at their second customs talks held in Seoul in May 1993.

At the meeting, the two sides agreed to set up a trial period of one year for the customs preclearance system starting July 1, 1993.

They also agreed that the Seoul-based ITS would perform customs preclearance duties for cargoes to be shipped to the three Russian regional customs houses in Moscow, Sheremetjevo and the Russian Far East.

At the third customs talks held in May this year in Moscow, the two customs administrations agreed to implement the system from August this month.

"During the trial period, 36 local exporters to Russia used the preclearance system, all showing good response to the system," Yi said.

Among the users were Samsung and International Trading Co., he said.

He said that local exporters to Russia must use the preclearance system through ITS starting this month as the Russian government has made it compulsory. "If not, Korean exporters will face great disadvantages in customs clearance procedures at Russian customs houses."

Among the disadvantages are, Yi said, Russian customs' tougher inspection of Korean imports, an intentional delay in import customs procedures and even sending back of Korean imports if problems exist.

The Russian side has promised that the preclearance system users would get priority in securing bonded warehouses in Russia, according to Yi.

ITS signed an agreement with OMIC (Overseas Marine & Inspection Corp.) Korea in September 1992 to perform technical and preshipment inspections of all goods to be shipped to Russia.

OMIC Korea was entrusted by ITS to perform preshipment inspections and issued customs preclearance declarations during the one-year trial period, but now it only carries out the inspection job.

OMIC Korea has been joined with the Tokyo-based Overseas Merchandise Inspection Co. as an agent.

"ITS and OMIC Korea together will to serve as an excellent international preclearance service agency for Korean exporters and other Asian traders with Russia," said Yi Song-ho, director of OMIC Korea.

The use of ITS's preclearance system would help increase local products' international price competitiveness by 5 to 10 percent in the Russian market, Yi said, adding that it would also reduce local exporters' logistics costs 10 percent.

Foreign Minister Meets Swedish Counterpart

SK1808051294 Seoul YONHAP in English 0504 GMT 18 Aug

[Text] Stockholm, Aug. 17 (YONHAP)—Swedish Foreign Minister Margaretha af Ugglas said Wednesday her country will give positive consideration to South Korea's entry to the Organization for Economic Cooperation and Development (OECD) and the UN Security Council as a non-permanent member.

Meeting her South Korean counterpart Han Sung-chu during his visit here, af Ugglas said Sweden will have to wait before deciding whether to support South Korea's bid for World Trade Organization (WTO) director-generalship and hosting of the 2002 World Cup soccer finals.

The two foreign ministers exchanged views on the UN peacekeeping operations, non-proliferation of nuclear arms and other weapons of mass destruction, the status of the nuclear non-proliferation treaty (NPT), cooperation at the Conference on Security and Cooperation in Europe (CSCE) and Sweden's entry to the European Union (EU) next year, said Paek Nak-whan, director-general of the Foreign Ministry European Affairs Bureau accompanying Han.

Meanwhile, the South Korean foreign minister reemphasized that his government keeps its door open for dialogue with North Korea.

When North Korea completes its power transfer process and is prepared to discuss inter-Korean summit, South Korea will always be ready for dialogue, Han told a press conference after his talks with af Ugglas.

Commenting on North Korea's Coryo confederation unification policy, Han called it a political propaganda rather than an actual policy.

South and North Korea will discuss unification formulas once dialogue opens between the two sides, he said.

North Korea is reluctant to talk with South Korea because of what it saw happen in Germany, said Han, but the Seoul government will not insist on any particular unification formula.

Prime Minister To Visit SRV, Other Countries

SK1808075794 Seoul YONHAP in English 0651 GMT 18 Aug 94

[Text] Seoul, Aug. 18 (YONHAP)—South Korean Prime Minister Yi Yong-tuk will make official visits to Vietnam, Singapore and Bangladesh from Aug. 29 through Sept. 5.

During his trip to the Asian countries, he is scheduled to meet with leaders of the countries to exchange views on the situation of the Korean peninsula after the death of North Korean President Kim Il-song last month.

He will also seek their understanding and support for Seoul's policies toward North Korea and Seoul's bid to get a non-permanent seat on the U.N. Security Council.

Meanwhile, the prime minister will ask their cooperations to have South Korea's Trade, Industry and Energy Minister Kim Chol-su become the World Trade Organization (WTO)'s first director-general.

While in Vietnam, Yi will discuss ways to strengthen bilateral cooperative relations which have rapidly improved since the establishment of diplomatic ties in December 1992.

In addition, Yi is to discuss Vietnamese Communist Party General Secretary Do Muoi's timetable for his scheduled visit to Seoul slated for the end of this year.

A cultural agreement is to be signed during Yi's visit to Vietnam to promote mutual understanding and cultural exchange.

While in Singapore, he will meet with his Singaporean counterpart Goh Chok Tong on matters of mutual concern including their joint investments in third countries.

In Bangladesh, he will discuss ways of expanding South Korean enterprises' investment there and request the country's assistance for Seoul's bid to become a non-permanent member country in the U.N. Security Council.

Seoul, Bulgaria To Sign Air Services Agreement

SK1808100194 Seoul YONHAP in English 0810 GMT 18 Aug 94

[Text] Seoul, Aug. 18 (YONHAP)—South Korea and Bulgaria sign an air services agreement Friday that lays basis to start South Korean civilian flight services to the European nation, the Foreign Ministry announced Thursday.

The agreement will be signed between South Korean Ambassador to Bulgaria Kim Hung-su and Bulgarian Transportation Minister Kiril Ermenkov in Sofia, the ministry said.

Officials said the agreement would help connect South Korean flights to the region for services to entire Europe.

Public Hearing on Fair Trade Policy Put Off

SK1808071894 Seoul THE KOREA TIMES in English 18 Aug 94 p 8

[Text] The Federation of Korean Industries [FKI], which had rolled up its sleeves to fight the administration's decision to lower the investment ceiling on large business groups' investments, has suddenly backtracked to the rear, intimidated by policymakers' rigid stances.

The FKI put off its public hearing on the measure, scheduled for yesterday, till Sept. 1 at the abrupt instruction of executive vice chairman Cho Kyu-ha.

The delay came after Cho called on Vice Economic Planning Minister Han Yi-hon and chairman O Se-min of the Fair Trade Commission [FTC] last weekend and expressed regrets for the FKI's tersely-worded statement criticizing the decision.

The FKI, which acts in the interest of large companies, strongly opposed an amendment draft to the Monopoly Regulations and Fair Trade Act, worked out by the commission, soon after the draft was put on public notice on Aug. 8.

Under the draft, which will be presented to the National Assembly next month, subsidiaries of the 30 largest groups will be banned from taking more than 25 percent stakes in other companies from 1995.

The FTC, the chaebol watchdog under the wing of the Economic Planning Board [EPB], refuted the interest group's statement by chapter and verse and suggested tougher steps to check chaebol from expanding to other sectors than their special ones.

Opined commission secretary general Kim Sun-ok, "There are two rules controlling the business and power of large groups—one on credit control and the other on investment ceilings. The latter should be reinforced as the former will be killed with the planned opening of the financial market."

Administration officials were particularly displeased with the FKI's lobbying of the government party which will handle the revision bill in the regular legislative session this fall.

Actually, Cho, accompanied by chief executive officers of some leading enterprises, called on Rep. Yi Sang-tok, director of the Policy Coordination Office at the Democratic Liberal Party, just one day after the draft was announced.

There were signs that the controversy between the EPB, the top economic agency, and the FKI might develop into an emotional strife, an unwanted development for the private sector which has come under greater influence from public officials, than ever before.

Cho, trying to calm down the dispute, convened a meeting of the top strategists of the 30 groups for tomorrow to review the situation and discuss future courses of action for the FKI with regard to the issue.

"We will deliberate our position on the draft in a meeting of chief planning and coordination executives of the groups," Cho told reporters yesterday.

Ministry: Trade Deficit Surpasses $4.2 Billion

SK1808100794 Seoul YONHAP in English 0857 GMT 18 Aug 94

[Text] Seoul, Aug. 18 (YONHAP)—South Korea's trade deficit for this year surpassed 4.2 billion U.S. dollars at the end of July, officials of the Trade, Industry and Energy Ministry said Thursday.

Trade deficit in July reached 703 million dollars on the customs clearance basis with a 7,635-million-dollar's export against an 8,338-million-dollar's import, the officials said. July's deficit was an increase of 171 million dollars over a year earlier.

Accordingly, the deficit during the January-July period amounted to 4,260 million dollars, up 1,352 million dollars from the same months of last year.

South Korea's trade deficit with Japan posted 904 million dollars in July, bringing the red figure during the first seven months to 6,761 million dollars, up 1,583 million dollars from a year before, according to statistics compiled by the ministry.

The polarization in trade balance continued in July as Korea suffered a 1,639-million-dollar deficit in trades with developed nations while enjoying a 1,296-million-dollar surplus with developing countries.

By items, semiconductor continued its boom in July as the shipment reached 1,107 million dollars in succession to June's shipment worth well over 1 billion dollars. Meanwhile, light industrial products experienced a recession with the shipment of textile goods decreasing 7.1 percent from the same month of last year due to seasonal decline of demand. Tire exports were also sluggish, registering a 17.9-percent decline due to labor disputes.

Imports of such raw materials as crude oil, log and plywood decreased last month while those of capital goods such as facilities and electronic parts for re-export continued increasing.

Students, Police Clash on 14 Aug Over Rally

SK1408050194 Seoul THE KOREA HERALD in English 14 Aug 94 p 3

[Text] Clashes occurred on the major streets of Seoul until late last night as riot police desperately attempted to stop the so-called "pan-Korean national rally."

Thousands of dissidents and student activists tried to enter Tuksom Park, in eastern Seoul, where they planned to hold an inter- Korean joint rally until tomorrow to mark the 49th anniversary of Korea's liberation from Japanese colonial rule in 1945.

They insisted the gathering was also aimed at helping accelerate national unification, while police have already defined it as "illegal."

Thousands of students, who had been assembled at Hongik University and Seoul National University from Thursday [11 August] night, started to move out of the campuses yesterday morning to go to Tuksom Park.

But they failed to enter the park as more than 22,000 riot troops sealed off the park and other likely sites for the rally.

Unable to gather for the rally, thousands of student activists fought running battles with riot police throughout the capital city.

Police arrested about 80 students and dissidents yesterday morning alone.

Riot troops were also stationed around government buildings and on roads leading to the truce village of Panmunjom.

Representatives of South Korean college students have long vowed to march to Panmunjom to hold talks with their North Korean counterparts.

But their plan was foiled in the face of tight police blockade.

Meanwhile, the Southern organizing committee of the pan-Korean national rally issued a statement in the afternoon, saying that the opening of the rally will be put off until today.

Labor Shortages 'Side Effects' of Expansion

SK1408052294 Seoul THE KOREA HERALD in English 14 Aug 94 pp 8,9

[Text] While the economic bureaucrats grapple with looming inflation that accompanies a booming economy, labor shortages are emerging as equally grave side effects of the current economic expansion.

At present, the domestic industry is 175,000 workers short, but the figure will sharply rise if the current hectic pace of economic expansion continues, causing serious manpower crunch, government and business officials said yesterday.

The shortage of hands is more severe for manufacturing companies than for the service industry, and for smaller companies than larger ones, but most serious cases of manpower shortfall are found in the so-called "3-D" meaning dirty, difficult and dangerous jobs, local businessmen said.

According to government figures, the total number of the work force at the nation's 3,400 businesses with 10 persons or more was listed at 4.9 million people, 175,000 short of the optimal level, which translates into a labor shortage ratio of 3.57 percent.

The Ministry of Labor Affairs said that the Korean industry's labor demand, which has kept falling since 1988, started to rebound in the latter half of this year and its growth rate is accelerating.

A report by the Korea Labor Institute shows that the ratio of job offers against job seekers, which fell from 3.38 in 1988 to 1.73 in 1992 and further to 1.60 last year, is expected to resurge to 2.60 this year.

The jobless rate announced by the National Statistical Office was 2.1 percent for June, an all-time low and a steep drop of 1.3 percentage points from the 3.4 percent recorded in February 1993.

Manufacturing industries' labor shortage amounted to 110,500, or 63.2 percent of the total shortfall, and coming on its heels were transportation-warehousing-telecommunications with 26,500 workers short, construction (12,500) and lodging-catering (3,300).

The labor shortage ratio for the manufacturing sector was 5.64 percent, way above the industry average of 3.57 percent. Particularly, the shortage ratio at small businesses hiring 300 persons or less was 7.71 percent, 4.2 times higher than the corresponding ratio of 1.84 percent for those with more than 300 employees, the figures showed.

By industry, printing-publishing recorded the most severe shortage of 10.64 percent, followed by apparel-furs (8.80 percent), furniture and other manufacturing (6.06 percent), textiles (5.88 percent), metallic assembly (5.50 percent), electronic machinery (4.53 percent) and audio-telecommunications equipment (4.52 percent).

The shortage of unskilled laborers was almost triple that of skilled workers, with ratios of 12.9 percent and 4.45 percent, respectively.

The Ministry of Trade, Industry and Energy, meanwhile, is strongly pushing to bring in 15,000 more guest workers from abroad, to help fill the labor gap at flagging footwear and textile industries.

That's in addition to the 20,000 workers already scheduled to arrive from China and Southeast Asia as technical trainees by Aug. 31. Meanwhile, 54,000 illegal foreign workers still remain in the country, defying the government's June 30 deportation deadline.

In its latest attempt to bring in more foreign workers, the ministry plans to limit the country list to Vietnam, Sri Lanka and Bangladesh, where the presence of Korean shoemakers and textile manufacturers is the biggest.

The ministry's intention is to train them as skilled manpower in these industries so that they can be employed by Korean enterprises operating their own countries upon returning home, ministry officials said.

Pohang Workers Polled on 'No Work, No Pay'

SK1608083494 Seoul YONHAP in English 0538 GMT 16 Aug 94

[Text] Pohang, Aug. 16 (YONHAP)—A majority of workers in the Pohang area support "no work, no pay" system and are optimistic about improved labor-management relations in the future.

In a questionnaire survey of 94 workers in Pohang city and its vicinities undergoing a training program here, 50 percent of the pollees were for and 38 percent against "no work, no pay" system, while 17 percent said they had no opinion.

Sponsored by the Pohang Chamber of Commerce and Industry, the training program is designed to boost perceptions conducive to reforms in enterprises. The outcome of the survey was announced Tuesday [16 August].

Asked about the prospects of union-management relations, 59.1 percent replied that they would improve continuously, 35.1 percent anticipated little improvement, and 5.7 percent foresaw deterioration.

The pollees expressed a moderate attitude with regard to steps to be taken when collective negotiations break up. 56.3 percent favored continued negotiations without stopping work, 16.3 percent said they would follow union decisions, 22.6 percent declined to give clearcut views, while only 5 percent opted for work stoppage.

As for the status of welfare facilities for employees, the respondents asked for improvement, with only 8.9 percent being satisfied with them and 24.4 percent somewhat satisfied, while 38.9 percent being dissatisfied and 27.8 percent replying so and so.

Asked if the firms they work for have installed anti-pollution facilities, 74.7 percent gave affirmative responses, but 25.3 percent negative answers.

Asked about the seriousness of the pollution problem the Pohang area faces, 58.5 percent replied very serious, 40.4 percent somewhat serious, and 1.1 percent tolerable.

The respondents were sensitive toward the need for South Korea to open itself further keeping step with the current of globalization. 30.8 percent said they felt the need acutely, and 58.2 percent replied they sensed the need to some extent.

Ruling Party Appoints Executive Council Members

SK1708091394 Seoul YONHAP in English 0819 GMT 17 Aug 94

[Text] Seoul, Aug. 17 (YONHAP)—The ruling Democratic Liberal Party (DLP) announced Wednesday the list of 44 Executive Council members together with 15 chairmen of the party's municipal and provincial chapters including Seoul.

In the party's new high-post lineup approved by President Kim Yong-sam, who heads the ruling party, the most notable was an appointment of former lawmaker So Sok-chae as the new Executive Council member. The long-time confidant of President Kim from his era in the opposition camp, So came back recently to the ruling party after a virtual political hibernation.

Rep. Kim Tok-yong, who was former state minister for political affairs, was named the chairman of the party's Seoul city chapter. He has also been one of the closest aides to the president.

Meanwhile, two core figures of the now-defunct Democratic Justice Party were named to head the party chapters in the Taegu City and North Kyongsang Province—the so-called "TK" districts. They are Rep. Chong Ho-yong of Taegu and Rep. Kim Yun-whan of North Kyongsang Province.

The other chairmen of the DLP district chapters are Rep. Kim Chong-su (Pusan), Rep. So Chong-hwa (Inchon), Rep. Yi Hwan-ui (Kwangju), Rep. Yi Chae-hwan (Taejon), Rep. Yi Han-tong (Kyonggi Province), Rep. Chong Chae-chol (Kangwon Province), Rep. Kim Chong- ho (North Chungchong Province), Rep. Hwang Myong-su (South Chungchong Province), Rep. Yang Chang-sik (North Cholla Province), Rep.Chong Si-chae (South Cholla Province), Rep. Kim Pong-cho (South Kyongsang Province), Rep. Yang Chong-kyu (Cheju Province).

Countercomplaint Against Officers in 'Incident'

SK1608085394 Seoul YONHAP in English 0644 GMT 16 Aug 94

[Text] Seoul, Aug.16 (YONHAP)—The prosecution, investigating the Dec. 12, 1979, military incident in which a group of army officers apprehended the then Army Chief of Staff Gen. Chong Sung-hwa in fierce gun battles while investigating the assassination of President Pak Chong-hui, said Tuesday [16 August] that 10 Army officers who were against Chong at that time filed a counter- complaint against those in Chong's side, who had earlier lodged complaints against them, for false charges.

The Seoul prosecution said that it will soon call in those involved in the case for interrogation.

The counter-complaint filed by Choe Se-chang, the then commander of the 3rd Airborne Brigade, and nine others who played a major role in the apprehension of Chong, claimed that Chang Tae-wan, the then commander of the Capital Garrison Command, and 21 others defamed them by bringing legal complaints against them for alleged rebellion.

Choe and others also insisted in the written complaint lodged early this month with the prosecution that Chang and his colleagues rebuked the Dec. 12 incident as "a rebellion and military revolt in which military forces were mobilized illegally" without due reason although it was nothing but an act to interrogate Chong Sung-hwa on his suspected involvement in the assassination of then President Pak Chong-hui, according to the prosecution.

Rice Crop Expected To Surpass Government Goal

SK1608023094 Seoul YONHAP in English 0126 GMT 16 Aug 94

[Text] Seoul, Aug. 16 (YONHAP)—The rice crop this fall is expected to surpass the government-set goal of 35.3 million sok (one sok is 144 kilograms), as the four typhoons which have bypassed the country over the months have brought about rainfalls enough to offset the dragged-on dry weather in July.

On Aug. 1, rice plants stood 86.7 centimeters, 7.4 centimeters taller than those in the average year, while the number of plants per square meter was 447, less only five than the average year, according to the Rural Development Administration (RDA).

The area of paddies in which rice plants were in the ear came to 275,000 hectares, 24.7 percent of the total area of rice paddies under cultivation, on Aug. 10, three to five days earlier than the average year.

It is too early to predict the rice crop this fall, as less than 30 percent of all the rice plants are in the ear now, RDA officials say.

A relatively accurate rice crop forecast can be made in the middle of next month when the rice plants will all come into ears, they explain.

But the standing crop now will certainly lead to a rice production of more than the government-set target of 35.3 million sok this fall, if the weather cooperates until the harvest, the officials say.

The four typhoons which bypassed the country in July and early August were of great help to rice farming, as they brought about enough rainfalls while not inflicting damage on rice paddies.

The rice crop in the drought-stricken southern part of the country will be lean, but a bumper crop in the central and northern parts of the country will more than offset the lean crop in the southern part, they predict.

But they warn that new typhoons may visit the country during the time until the harvest season and that blight and harmful insects may hurt rice paddies.

Money Market Liquidity Shortage 'To Continue'

SK1408052394 Seoul THE KOREA HERALD in English 14 Aug 94 p 8

[By Chong Tong-chun]

[Text] The liquidity shortage in the money market is expected to continue for some time as both Korea First Bank and Bank of Seoul were short 650 billion won and 644 billion won, respectively, on the Aug. 6 deadline for the reserve requirement; and they were subjected to a penalty (B2) with 17.1 percent penal rates from the Bank of Korea (BOK). The recent credit crunch seems to have eased after the reserve requirement's deadline but the corporate bond yield should be at the 13 percent level during the second half of this year due to the rising demand for corporate funds. The 13 percent level for corporate bond yield is not impressive since GNP growth and the consumer price index (CPI) are expected to be at 8-9 percent and 5-6 percent, respectively.

The overnight call rate remained at the 25.0 percent level last Monday [8 August] because of the influence of last reserve requirement and the 91-day certificate of deposit (CD) went down by 1.50 percentage points to 14.50 percent due to a reduction of CD issuance. On the other hand, corporate bond yield went up by 0.05 percentage points 13.35 percent despite good buying of institutional investors and the bond issuance was 98.9 billion won.

The BOK announced last Tuesday that the money supply (M2) would increase from 1.0 trillion won to 1.2 trillion won and the target rate of money supply (M2) would increase from 15.0 percent to 15.5 percent in August, in order to stabilize the short-term money and bond market. In addition, the total amount of 1 trillion won, held by the Stock Market Stabilization Fund (SMSF), would be newly supplied to both call and corporate bond markets. As the target of monetary policy has turned around from a tight policy to a flexible one along with emphasis on stabilization of market interest rates, the overnight call rate has gone down sharply from 25.0 percent to the 15 percent level.

However, corporate bond yield has gone up slightly by 0.05 percentage point to 13.40 percent.

As the short-term money market is stabilized due to a flexible monetary policy, the overnight call rate went down by 2.0 percentage points to 13.0 percent and the 91-day CD rate went down by 0.50 percentage point to 14.0 percent, last Wednesday. Furthermore, despite the bond issuance of 120.0 billion won, corporate bond yields went down by 0.10 percent point to 13.30 percent due to good buying from the SMSF.

Last Thursday, the overnight call rate remained stable around the 13.0 percent level but the 91-day CD rate went up by 0.30 percentage point to 14.30 percent due to an increase in CD issues. On the other hand, corporate bond yields went down by 0.15 percentage point to 13.15 percent after good buying from SMSF.

Last Friday, the overnight call rate went up by 1.00 percentage point to 14.0 percent on weak liquidity and the 91-day CD rate went up 0.20 of a percentage point to 14.50 percent. Corporate bond yields remained around 13.15 percent despite total amount of 218.5 billion won bond issuance.

Corporate bond yield is expected to be stabilized around the 13.0 percent level this week.

Central Bank Analyzes Growth of Economy

SK1608090794 Seoul YONHAP in English 0731 GMT 16 Aug 94

[Text] Seoul, Aug. 16 (YONHAP)—South Korea's total economic volume has grown to about 234 times as big as it was in 1953 when the Korean war ended, the Bank of Korea said on Tuesday [16 August].

According to the central bank's analysis of various statistics between 1953 and 1993, the gross national product (GNP) soared by 234.8 times to 328.7 billion dollars from 1.4 billion U.S. dollars on the basis of the current prices—that is, simple comparison of the amount without considering the change of the real value of the money.

The South Korean population was 44,056,000 at the end of last year, 2.04 times as many as 21,546,000 in 1953.

Per capita GNP, which was 67 dollars in 1953, increased to 252 dollars in 1970, 1,592 dollars in 1980, 5,883 dollars in 1990 and 7,466 dollars last year, growing 111.4 times over the 40 years.

With the growth, South Korea's economic volume ranked 33th in the world in 1970 but jumped to 12th last year, while its per capita GNP that was 80th in 1970 rose to 41st in 1990 and 38th last year.

The annual trade volume skyrocketed by 425.7 times to 166,040 million dollars in 1993 from 390 million dollars in 1953. Imports were 83.8 billion dollars last year, 239.4 times more than 350 million dollars 40 years ago. The exports increased from 40 million dollars in 1953 to 82,240 million dollars last year.

The foreign exchange holding was only 110 million dollars in 1953, compared with 20,260 million dollars at the end of last year.

The increase rate of the consumer prices were relatively high until the end of 1970s with an annual average marking 13.8 percent between 1953 and 1970 and 17.0 percent between 1971 and 1980 before dropping to 5.5 percent between 1981 and 1990 and 6.5 percent between 1991-1993.

The rice production more than doubled from 14,136,000 sok (about 2.03 million tons) in 1953 to 32,981,000 sok last year, while the number of passenger cars increased from 13,000 units in 1970 to 1,513,000 in 1993.

Plane Manufacturers Near Accord on Commuter Plane

SK1808041794 Seoul THE KOREA HERALD in English 18 Aug 94 p 8

[Text] The three competing domestic aircraft manufacturers appear to be close to an agreement in pushing for the government-initiated commuter plane development project.

Presidents of the trio—Samsung Aerospace Industries, Daewoo Heavy Industries and Korean Air—have recently met to discuss how to share the work among themselves.

According to industry sources, Daewoo and Korean Air agreed at the meeting to recognize Samsung as the system integrator.

This means that as the leading company in the planned consortium for the project, Samsung will carry out the final assembly which, according to experts, accounts for some 25 percent of the entire work.

In return for their concessions, however, Daewoo and Korean Air demanded that they be given the same amount of work as Samsung in manufacturing air frames for the proposed 100-seater commuter aircraft.

"If we are given the assembly job, we are willing to divide the air frame manufacturing work in favor of Daewoo and Korean Air," said Pak Ki-yang, a Samsung official.

The move toward collaboration by the three firms, which have thus far been scrambling for bigger shares, came just days before the deadline set by the government for an agreement on work sharing. The deadline is today.

"We have decided to give a few more days for the firms to reach a formal agreement," said Ho Nam-yong, an official of the Ministry of Trade, Industry and Energy (MOTIE).

If the trio fails to sort out details themselves by the end of this week, the ministry will, as planned, form a committee to select the leading company of the envisioned consortium.

The leading company will be responsible not just for final assembly but for management of the whole project as a system integrator.

It will coordinate work among consortium members in the course of manufacturing and, after the envisaged aircraft is developed, it has to carry out post-production work such as setting up a training center, authoring a manual and providing after-sales services.

Even when an agreement is reached among the domestic trio, the project cannot be started immediately because it is being promoted as an international joint venture.

The primary joint venture partner is China. According to industry experts, negotiations with China will not be easy as China wants, among other things, to have the final assembly plant located in its territory.

"Our position is that the assembly plant should be located in Korea or assembly should be shared by both countries," said MOTIE's Ho.

If the plant is set up in China, experts noted, the quality of the assembled aircraft may be a problem.

"According to foreign aircraft manufacturers such as Aerospatiale of France and McDonnell Douglas (MD) of the United States, Chinese workers are not as skilled as Korean workers," asserted an industry expert.

For instance, he said, MD has assembled 20 MD-81 aircraft in China but they were all of poor quality.

"If the talks with China hit a snag, we will give up the original plan to promote the project jointly with China and seek a Western partner," Ho said.

Many Western aircraft builders have already expressed a keen interest in participating in the project.

Brunei, Malaysia & Singapore

Brunei

Bangladesh Foreign Minister on Outcome of Visit

BK1808050094 Dhaka Radio Bangladesh Network in English 0130 GMT 18 Aug 94

[Text] Bangladesh and Brunei have agreed to further strengthen their existing bilateral relations and intensify cooperation in all fields, including trade, investment, manpower, education, and culture. The two countries have also decided to set up a joint committee at the foreign secretary level to review annually all aspects of bilateral relations. This was stated by Foreign Minister A.S.M. Mustafizur Rahman at a news conference at Bandar Seri Begawan prior to his departure from Brunei at the end of his three-day official visit there. Mr. Mustafizur Rahman said both the sides agreed that there is an urgent need for establishment of resident missions in each other's capital. The foreign minister said his visit had provided him with an opportunity to personally apprise the Sultan of Brunei and other high government officials of the developments that had taken place in Bangladesh in the political, economic, social, and other fields under the present government. Mr. Mustafizur Rahman is now in Kuala Lumpur on a visit to Malaysia.

Malaysia

Cambodia's Ranariddh Arrives 17 Aug

BK1708135894 Kuala Lumpur Radio Malaysia Network in Malay 1300 GMT 17 Aug 94

[Excerpt] Cambodia today officially asked Malaysia to support its desire to join ASEAN. The request was made by First Prime Minister Norodom Ranariddh in his talks with Prime Minister Datuk Sri Dr. Mahathir Mohamed in Kuala Lumpur today. The prime minister gave his assurance that Malaysia will make efforts to enable Cambodia to become an ASEAN member.

Prince Ranariddh arrived in Kuala Lumpur this afternoon for a five-day official visit to Malaysia. He was accompanied by a 30-member delegation consisting of several cabinet ministers and senior government officials.

Speaking to reporters, Foreign Minister Abdullah Ahmad Badawi said the Cambodian prime minister had expressed his readiness to sign the ASEAN Friendship and Cooperation Treaty as soon as possible. The treaty will enable Cambodia to join ASEAN in a short period of time. Several bilateral agreements and memorandums of understanding will also be signed after the Cambodian leader's talks with Dr. Mahathir. [passage omitted]

Kazakh Foreign Minister Promotes Trade Ties

BK1708121094 Kuala Lumpur Voice of Malaysia in English 0600 GMT 17 Aug 94

[Text] Kazakhstan has invited Malaysian businessmen to visit the country to establish business contact. Its foreign minister, Mr. Kanat Saudabayev, in extending the invitation, said this will help to speed up economic and trade cooperation between the two countries.

He added, there are ample opportunities for Malaysians to take part in Kazakhstan's investment program such as housing, agricultural production, defense, infrastructure development and communications.

Speaking at a news conference in Kuala Lumpur, Mr. Saudabayev disclosed that his country has also agreed to establish a formal agreement concerning bilateral ties in economy and trade. He expressed hope that agreement could be signed during the visit of the Kazakhstan's president to Malaysia in November.

Mr. Saudabayev arrived in Kuala Lumpur on Monday for a three-day visit. He said Kazakhstan is also looking forward to set up a trading house in Malaysia. Mr. Saudabayev was impressed with Malaysia's economic achievements and believed Kazakhstan could learn from Malaysia's experience.

Right To Keep Troops in Bosnia Stressed

BK1608111894 Kuala Lumpur Voice of Malaysia in English 0800 GMT 16 Aug 94

[Text] Malaysia has the right to maintain its troops in Bosnia- Herzegovina even if the other countries want to withdraw their soldiers for fear of a total war in the former Yugoslav republic. Datuk Sri Dr. Mahathir Mohamed said Malaysia should not be denied the right to continue to remain in Bosnia even if the others want to leave. The only thing Malaysia fears is the inadequacy of the arms which Malaysian troops have.

The prime minister was replying to questions from reporters after presenting the Malaysian skill awards in Kuala Lumpur. Malaysia has 1,500 soldiers in Bosnia-Herzegovina serving under the UN.

Return of Ruling Party's Assets Welcomed

BK1608135594 Kuala Lumpur Radio Malaysia Network in Malay 1300 GMT 15 Aug 94

[Text] Datuk Sri Dr. Mahathir Mohamed describes the High Court's ruling to return the assets of UMNO [United Malays National Organization] as a fair and correct one. The prime minister, who is UMNO president, said the assets indeed belong to the party. Even though the party was declared illegal some time ago, the truth is that the current UMNO is no different from the old UMNO.

The prime minister was speaking to reporters after presenting the Malaysian skill awards at Cerab Technical College. He said the High Court's ruling is correct and constitutes something desirable. However, he expressed his disappointment that it had taken such a long time for the assets to be returned, resulting in UMNO losing its income. All UMNO assets and liabilities were put under a receivership when the party was declared illegal in

1988. The current UMNO was then reregistered with the majority of its members being members of the banned UMNO.

When asked to comment on the possibility that some people may challenge the High Court's ruling, Dr. Mahathir said the period of time allowed to challenge UMNO's request for the return of its assets is over. He said the UMNO Supreme Council will convene a meeting to discuss the High Court's decision so the party can receive an official announcement on the matter. The UMNO assets include a 38-floor (name indistinct) tower building and [words indistinct].

Cambodia

Remains of Apr Kidnap Victims Believed Found

BK1808092594 Hong Kong AFP in English 0853 GMT 18 Aug 94

[Text] Phnom Penh, Aug 18 (AFP)—A bag of bones believed to be the remains of three foreigners kidnapped by suspected Khmer Rouge guerrillas in April has been found in southern Cambodia, police general Lour Ramin said Thursday.

The bones were found Wednesday hidden in the jungle near the village of Svay, about 25 kilometers (15 miles) away from where Australian Kellie Wilkinson and Britons Dominic Chappell and Tina Dominy were abducted on April 13, he said.

Lour Ramin said the discovery of the bones, about eight kilometers (five miles) from the national highway linking the capital with the southern port of Sihanoukville, was evidence that the three foreigners had been killed.

The bag of bones is the second set of remains found and are believed to have belonged to the three foreigners who were kidnapped as they were travelling by taxi down the highway from Phnom Penh to Sihanoukville.

Skeletal and clothing remains were found in July near the site of their abduction. The remains are currently undergoing forensic tests in London, and results of the testing are not expected before the end of August.

Lour Ramin said the Khmer Rouge had kept the bones, leaving the other remains, in order to demand a ransom for their return.

A spokeswoman for Australia's Department of Foreign Affairs and Trade in Canberra confirmed the remains had been found but said it was impossible to conclusively link them to the hostages.

"We can confirm that the Cambodians have located some remains but there is absolutely no way of knowing at this stage if they belong to Kellie and her friends," the spokeswoman said.

"It is impossible to tell without DNA testing and the remains will be forwarded to London for tests so any identification would at this stage be highly speculative.

"However, the Cambodians believe they could be related to the remains found last month."

Three other foreigners are currently being held hostage in southern Kampot province by the Khmer Rouge, who are asking for a ransom of 150,000 dollars for their release.

David Wilson, a 29-year-old Australian, Briton Mark Slater, 28, and French national Jean-Michel Braquet, 26, were captured on July 26 following a Khmer Rouge attack on a train in which 13 people died.

Israeli Chamber of Commerce Delegation Departs

BK1808064694 Phnom Penh AKP in French 0400 GMT 18 Aug 94

[Text] Phnom Penh 18 Aug (AKP)—A delegation of the Israeli Chamber of Commerce led by its chairman Mr. A. Blas left Phnom Penh on 16 August after a week-long visit to Cambodia.

"We came here to look for trade partners from the state, private sector, and foreign companies and also to see in what sectors Cambodia needs investment" Mr. Blas said at a press conference on the eve of his departure.

"We also plan to train Cambodians in agro-industrial and farm-produce techniques," added Mr. Blas.

Details of Cambodia's investment law recently passed by the National Assembly have also been provided to the members of the delegation.

The delegation held a meeting with Va Huot, minister of trade, on the afternoon of Saturday, 13 August.

Ranaridhh Leaves for Visit to Malaysia

BK1808072894 Phnom Penh AKP in French 0406 GMT 18 Aug 94

[Text] Phnom Penh 18 Aug (AKP)—Prince Norodom Ranariddh, first prime minister of the Kingdom of Cambodia, left for Malaysia yesterday, 17 August.

The five-day visit is being made at the invitation of Malaysian Prime Minister Mahathir bin Mohamed.

Sar Kheng, deputy prime minister and minister of interior, and Veng Sereivut and Sok An, co-ministers of the Council of Ministers office, are accompanying the head of the Royal Government of Cambodia. The delegation is made up of 25 officials from the Ministries of Agriculture, Trade, and Foreign Affairs and the National Bank.

This visit is an important step in the consolidation of the relations between the two countries.

Before leaving, Prince Norodom Ranariddh declared that the Cambodian Government would do "what is possible" to secure the release of the three westerners held hostage by the Khmer Rouge in southern Cambodia.

Last April, the Malaysian prime minister, accompanied by a 130-member delegation, conducted a three-day visit to Cambodia during which accords on bilateral cooperation were signed.

Indonesia

Alatas Hopes U.S. Understands Pakpahan Arrest

BK1708154794 Jakarta Radio Republik Indonesia Network in Indonesian 1500 GMT 17 Aug 94

[Text] Foreign Minister Ali Alatas hopes the United States will accept and understand Indonesia's explanation that the detention of Mokhtar Pakpahan, chairman of the Indonesian Sejahtera Trade Union [SBSI], fell under the full authority of the Government of the Republic of Indonesia. Minister Alatas said this to reporters after receiving a press delegation from Malaysia, Thailand, Singapore, Vietnam, Hong Kong, and Lebanon in Jakarta today. Indonesian police arrested SBSI Chairman Mokhtar Pakpahan last week concerning his responsibility for labor riots in Medan, North Sumatera last April.

According to a press release issued by the U.S. Embassy in Jakarta yesterday, the U.S. Government expressed concern over the detention of Mokhtar Pakpahan. The U.S. Government subsequently hopes for a speedy settlement of the case and will continue to monitor the fate of the SBSI chairman.

Responding to U.S. criticisms over labor rights in Indonesia, Minister Ali Alatas said the government has conducted reforms and is seeking the best way out for children who are forced to help their parents earn a living.

* Japan Extends Development Loan

94SE0203B Jakarta KOMPAS in Indonesian 12 Jul 94 p 2

[Text] Jakarta, KOMPAS—At a meeting of the Consultative Group on Indonesia (CGI) held in Paris last week the Japanese Government agreed to provide funds from a loan for the construction of 20 development projects in various sectors. The total amount of the project loan which will be extended to Indonesia is $1.3 billion. A loan amounting to $200 million will also be extended for the development of small scale infrastructure at the village level. This loan will be earmarked for project funds to be used under the Presidential Instruction on the Most Isolated Villages (IDT) program to deal with poverty in several areas of the country.

This was stated to the press by Zenji Kaminaga, deputy ambassador at the Japanese Embassy in Jakarta, at the end of last week. In addition to the project loan for $1.3 billion Japan is also prepared to provide a program sector loan valued at $200 million, so that the total loan for 1994 coming from the Japanese Overseas Economic Cooperation Fund (OECF) will amount to $1.5 billion.

Ambassador Kaminaga said: "In 1994 Japan will also provide grant and technical assistance from the Japanese International Cooperation Administration (JICA) amounting to $170 million. Therefore, total Japanese loans and assistance provided in the framework of the CGI in 1994 will amount to $1.67 billion."

On the face of it this assistance amounts to an increase, compared with 1993. The 1994 loan package amounts to $1.5 billion. (In 1993 the loan package amounted to $1.3 billion.) Added to the total loan in 1994 will be grant and technical assistance valued at $170 million. (In 1993 this total was $140 million.) Therefore, the total Japanese commitment for 1994 made in the CGI context is $1.67 billion. (In 1993 it amounted to $1.44 billion.)

Various Projects

The 20 projects which will receive funds from the Japanese OECF loan, to be implemented in the 1994 fiscal year, include:

- (1) Construction of a water transmission line for the Bili-Bili Multipurpose Dam;
- (2) The second project management 373 loan for small scale irrigation;
- (3) Construction of Phase II of the Way Sekampung irrigation system;
- (4) Construction of Phase II of the 82 Megawatt Renun Hydroelectric Generator in North Sumatra.

Subsequently, the following projects will be taken in hand:

- (5) Construction of a coal fired, steam powered electricity generating turbine;
- (6) Construction and initial planning of Peusangan Hydroelectric Generators 1 and 2 in Aceh Province, each with a capacity of 87.2 Megawatts, as well as connecting its transmission network;
- (7) Construction from the North of Jalan Pluit-Grogol in Jakarta;
- (8) Construction of two lines of railway track from Cikampek to Cirebon [Central Java];
- (9)Construction of Denpasar Airport [in Bali];
- (10) Construction of an Air Traffic Control center in Jakarta.

Later, these additional projects will be built:

- (11) Phase II of the program for the expansion and improvement of the telecommunications network in Jakarta and vicinity;
- (12) Phase II of improvements in the Outside Plant Maintenance Centre (OPMC);

- (13) Construction of the sewage water network in Denpasar [Bali];
- (14) Construction of added capacity at the Bapedal regional monitoring facility;
- (15) Phase II of the expansion and construction of buildings at the Faculty of Agriculture and the Faculty of Veterinary Medicine at the Bogor Agricultural Institute.

In addition, the following projects will be constructed:

- (16) Phase II of the expansion and construction of a building at the Bandung Technological Institute;
- (17) Construction of a computerized, statistical training center and connecting a network of computerized, statistical equipment;
- (18) Upgrading the Hasan Sadikin Hospital in Bandung [West Java];
- (19) A project to strengthen Community Health Centers;
- and (20) Building infrastructure in village areas.

Meanwhile, the sectoral program loans for 1994 which have been allocated funds from the loan of $200 million are earmarked for the sectors of education, health, people's welfare, public housing, communications, and a project to develop water resources and irrigation infrastructure.

Ambassador Kaminaga stated that, although there have been growing requests for funds from many areas of the world, Japan will continue to carry out its basic policy. That is, he added, Japan will do all that it can to help in the development of a healthy Indonesian economy, "bearing in mind existing developmental needs in Indonesia during the Sixth 5-Year Plan and the close relations which have developed between the two countries."

In the context of the Japanese Overseas Economic Cooperation Fund, Indonesia is in first place for obtaining funds from Japanese "soft" loans. Up to the end of March 1993 Indonesia had obtained 19.2 percent of the total value of these loans. These funds have been used by Indonesia for various sectors, 3n3 particularly transportation and electricity. In 1993 a total of 19 projects received assistance from the Japanese OECF (including one sectoral program loan). The projects were valued at 158,040 million yen. In 1992 17 projects received assistance from the Japanese OECF (including one sectoral program loan). These projects were valued at 158,005 million yen.

Al-Arqam Leader To Return to Thailand

BK1808065094 Hong Kong AFP in English 0543 GMT 18 Aug 94

[Text] JAKARTA, Aug 18 (AFP)—The leader of the controversial Malaysia-based Al Arqam Muslim sect, Ashaari Muhamad, will return to self-imposed exiled at his base in Thailand later this month, a sect official said here late Wednesday.

"Abuya Ashaari will return to Thailand within one or two weeks," Iman Tamsir, a member of the al-Arqam, told AFP, during an Indonesian 49th Independence Day celebration at the headquarters of the Legal Aid Foundation, a non-governmental legal and human rights organisation.

Ashaari early this month left Thailand—from where he had controlled his group for the past seven years—for Jordan, shortly after Bangkok joined Malaysia, Brunei, Singapore and Indonesia in banning him from entering the country.

However, a Thai official has later said that police and Thai secret service probes had found that al-Arqam had not committed any crime in Thailand, where the group has major business concerns in Bangkok, Chiang Mai and Phuket.

Citing a threat to national security, Malaysia banned the messianic sect, accusing it of maintaining a Thai-trained suicide squad. Both Thailand and al Arqam have denied the existence of the squad.

Meanwhile, Abdurrahman Wahid, who chairs Indonesia's influential Muslim organisation Nahdatul Ulama (NU), Wednesday called on the government, which was expected decide whether to ban al-Arqam later this month, to hold talks with the group before imposing any sanctions.

"If Arqam should be corrected, (the government) has to tell them what to do," Wahid said.

NU, which Wahid claims has some 35 million followers, was prepared to accept members of Arqam into its fold should the government decide to ban the group, he said.

"NU does not need additional members but we will welcome them. (They can) use NU facilities. No problem," Wahid said.

Religious Affairs Minister Tarmizi Taher has said he had been urged by all Muslim organisations—including from the country's highest Islamic body, the Coucil of Ulemas (MUI)—to ban the sect, which they accused of deviationist teachings.

An attorney general-chaired team which also includes representatives of the religious affairs ministry, the MUI, the military as well as the intelligence agency is currently discussing whether to ban al-Arqam in Indonesia.

Under Indonesian law, the attorney general's office can ban any social groups, including religious ones. In the case of religious groups, the attorney general acts on the recommendations of the team.

Some 88 percent of Indonesia's 186 million population follow the faith of Islam.

Philippines

Japan Grants $114.3 Million for Power Projects

BK1808042394 Manila MANILA STANDARD in English 15 Aug 94 p 12

[Text] Japan has "energized" the Philippine power development plan by providing $114.3 million in loans to the government's rural electrification project in Visayas.

Loan documents were signed in Tokyo on Thursday by Philippine Ambassador to Japan Domingo Siazon Jr. and Akira Nishigaki, president and chairman of the board of Japan's Overseas Economic Cooperation Fund [OECF].

The loan was a major component of the $1 billion financial assistance Japan has made available to the Philippines under OECF's 18th yen package.

Under the OECF terms, the power loan would carry an interest rate of 3 percent per annum and a repayment period of 30 years including a 10-year grace period.

"It is aimed at improving the overall standard of distribution system facilities of 44 electric cooperatives and that of the Visayan Electric Company [VECO]," the government said in a statement.

The National Electrification Administration, a state agency, is implementing the project along with VECO.

OECF is also a major source of loans for the National Power Corporation as well as for other state agencies and corporations. Japan, through its yen loan package, has become the Philippines' single biggest creditor, accounting for 25 percent of the country's total external obligations, according to official records.

Editorial Views 'Marginal' Status of Rebels

BK1708115594 Manila THE MANILA CHRONICLE in English 13 Aug 94 p 4

[Text] Notwithstanding National Security Adviser Jose Almonte's preference for the military rebels to continue threatening those who resist reforms, the Rebolusyonaryong Alyansang Makabayan [Revolutionary Nationalist Alliance; RAM] yesterday signed the first of a series of joint resolutions covering points of reform agreed upon by both the rebels and government. These protocols will measure the rapid diminution of the extra-constitutional threat posed by the RAM and the rebel soldiers' march back to the mainstream of national life.

A day before the first joint resolution was signed, the RAM issued a statement declaring that the group "will not be the hit squad of the government nor of any other center of power." The reference to the National Security Adviser's unfortunate remarks is clear. The RAM statement may be read as a rejection of whatever political allegiances might remain between the rebel group and its self-styled "godfather."

The joint resolution signed yesterday by the government negotiating panels and leaders of the RAM calls for the release from detention of four members of the rebel group and endorses the new election code pending action by Congress.

The proposed election code contains the anti-dynasty provision and more modern electoral procedures intending to produce a level electoral field. There is no fundamental disagreement between the government and the rebels regarding the need to modernize our electoral system and raise the quality of representation in our democracy. With or without the RAM, government would have pushed for the reforms.

The participation of the RAM in the reform process is, in the last analysis, superfluous. The band of military rebels is a battered force. The coup attempts they mounted did not enjoy any significant mass political support and were, from the moment of conception, doomed to fail.

While some may celebrate the "idealism" of this group, others deride its naivete. It is no secret that the RAM went into the business of mounting coup d'etats as adjuncts of the contending factions already in their respective places of power in the post- EDSA [Epifanio de los Santos Avenue] setting. When they organized the putsches, the renegades underestimated the complexity and range of forces that would unite to frustrate the attempt to take power by the barrel of the gun.

Only in the aftermath of military defeat did the renegades actually consider weaving together a political and economic "ideology." When they did, they gathered around the obsolete ideas of an orthodox advocate of economic protectionism. Thrown to the political margins by their bungled military adventures, the RAM sought friends and allies in the stragglers from the revolutionary left—itself a political formation saddled with an obsolete ideology and treading mindlessly towards self-extinction. The de facto alliance, apart from combining warm bodies for rallies that failed to excite the masses, did not produce new dynamism in the political terrain.

The truth must be stated baldly: For all its soaring rhetoric and incredible demagoguery, the RAM had its roots in political opportunism. Its moment of heroism passed when it bungled its first coup attempt—the one in February 1986—and had to be rescued by people's power. After that, the "movement" was nothing more than a lightning rod for confused adventurers.

The negotiations now in progress are merely a civil method for terminating a historically unwarranted rebellion. Whatever delusions of grandeur the flamboyant leaders of the RAM may nurse, the negotiations are in fact nothing more than a magnanimous gesture on the part of government to allow these confused armed men to surrender with honor. It is a door opened for the graceful exit of a spent force.

Although the "joint resolutions" may add as little flair for the reforms that must be put in place, it must never be forgotten that the constituency for these reforms are much larger than the marginal entity called the RAM. These soldiers of defeat do not hold a monopoly of the reformist vision that animates more sincere, more realistic, more reasonable, and more effective groups in civil society.

Even Almonte must finally wake up to that fact. Reforms are better carried out by reasonable and intelligent men rather than by zealots who could not even articulate their thoughts accurately.

Ramos Approves Projects Worth 2 Billion Pesos

BK1808083094 Quezon City PTV-4 Television Network in Tagalog 0500 GMT 18 Aug 94

[Text] President Ramos has approved four development projects worth 2 billion pesos. The projects approved were: the advancement of three model regional training centers of Bicol University, West Visayas State University, and Ateneo de Davao; the improvement of water supply, sanitation, and solid waste management in Boracay Island; and the construction of roads and bridges.

Ramos' approval has accelerated the development of education, tourism, and public works projects nationwide.

Investments in Export Zones Rise 178 Percent

BK1808045594 Manila BUSINESS WORLD in English 15 Aug 94 p 18

[Text] Investments in the country's export processing zones remained bullish as it posted a 178 percent surge to a record-high P3.907 billion [Philippine pesos] during the first seven months of the year, latest figures from the Export Processing Zone Authority (EPZA) show. With the expansion, EPZA is expected to surpass its P4 billion target for the year.

EPZA Administrator Tagumpay R. Jardiniano attributed the heavy influx of investments to a more stable political condition. He also cited the "broad spectrum of economic reforms which has created a business-friendly environment, the sustained competitive edge of the country's manpower resources and the attractive industrial estates with export processing zone components."

The Japanese continued to be the top investors as they poured in an estimated P2.50 billion worth of projects accounting for 64 percent of the total.

Hitachi Computer Products (Asia) Philippines (HCAP) was the biggest Japanese-owned venture valued at P1.535 billion. HCAP, which is constructing its facility at the Laguna Technopark special export processing zone (SEPZ), will manufacture high-density and small-sized hard disk drives and magnetic heads. HCAP is a subsidiary of Hitachi Co. Ltd. of Japan.

Moriroku Philippines Inc. is putting up a P381 million project to manufacture molds and plastic parts for automobiles and electric appliances. This Japanese establishment also operates at the Laguna Technopark SEPZ.

Another Japanese-owned firm, Yutaka Manufacturing Phils. [Philippines] is behind a P227.99 million project involving brake and gear change pedals, head and stem pipes, and exhaust manifold.

Next to the Japanese, Sunward Electronics Inc., an American company involved in a magnetic recording heads project, was the largest investor. The venture which operates at the Carmelray Industrial Park SEPZ sunk in P525 million.

The biggest project among Filipino investors is the P75 million spooled threads manufacturing venture of Luck Rayon Inc. which is located at the First Cavite Industrial Estate SEPZ.

Secretary Sees Economic Growth as 'Real'

BK1808042794 Manila PHILIPPINE DAILY INQUIRER in English 15 Aug 94 p 28

[Text] Leading government and banking officials expressed optimism that the country would be able to sustain the impressive economic growth achieved last year and during the first quarter this year.

The 4.8 percent economic growth for the first quarter exceeded even the most optimistic growth scenario of 4.5 percent for the whole year, said Finance Secretary Roberto de Ocampo.

"Our economy has begun to move at a respectable pace," said Bankers Association of the Philippines [BAP] President Rafael Buenaventura, who is also the president of Philippine Commercial and International Bank.

"The common consensus is that we have managed our way over most of (our) problems, that a period of sustained growth is in the offing, that we are back in business, and equally important is the world wants to do business with us," Far East Bank President Octavio V. Espiritu said.

The three shared their insights with the participants of the first national convention of the Bank Marketing Association of the Philippines (BMAP) recently.

"This growth rate proves more than just a performance indicator. It serves as a confirmation to the international community that we are indeed on the threshold of rapid economic growth," De Ocampo said in a speech read for him by Alfredo Antonio, chair of the Development Bank of the Philippines.

Fueled by exports and investment, the first quarter growth rate provided ample proof that the government's market liberalization efforts were beginning to bear fruit. "This growth, at long last, (is) for real and ... sustainable.

The days of the Philippines as a habitually floundering economy are over," he added.

"Now, it is up to us to make sure that our country does not lose the mileage it has so far gained in the eyes of the international community," Buenaventura added. He cited the country's return to the international capital markets through a series of Eurobonds through which the country raised more than $1 billion.

The ongoing deregulation of the banking industry has bolstered the optimistic outlook among bankers.

"The removal of these restraints together with the real prospects of sustained growth of the Philippine economy is expected to support a rapid growth of the banking industry," Espiritu said.

The infrastructural changes government instituted to rebuild and strengthen the economy is being followed through with financial reforms. "We hail the Bangko Sentral's [Central Bank's] move to reduce the reserve requirement to 17 percent (starting today). We view this as a strong signal of more positive steps in the future," Buenaventura said.

The BAP president stressed the importance of keeping the reserve requirement low in order to bring down the bank's intermediation cost. "Currently, the Philippine still has the highest reserve requirement in the ASEAN," he said, citing Malaysia's 6.5 percent, Singapore's 6 percent, Thailand's 2 percent, and Indonesia's 2 percent.

Official Outlines Extent of Agriculture 'Crisis'

BK1708125794 Quezon City MALAYA in English 13 Aug 94 p 2

[By Erik de la Cruz]

[Text] With or without the Uruguay accord of the General Agreement on Tariffs and Trade, the Philippine Government should still address major problems in the agriculture sector which, economists say is in a "state of crisis." Ponciano Intal Jr., National Economic and Development Authority deputy director general, said the crisis is evident in the continuous decline in the country's per capita food production in the last 10 years.

In a position paper submitted to the House Committee on Economic Affairs, Intal stressed that rejecting the GATT accord because of concerns on Philippine agriculture is "totally unwarranted."

Intal said only the Philippines experienced an 11 percent decline in per capita food production from 1981-1991 among the East Asian countries.

In contrast, he added that per capita food production in China increased during the same period by 35 percent; in Indonesia, by 27 percent; and in Vietnam, by 22 percent.

He also noted that the share of Philippine agricultural exports to world trade declined during the 1980s for most products such as coconut, sugar, pineapple, and bananas.

Equally alarming, he noted, is the fact that the country is "on the verge" of being a net importer of agricultural and forestry products, in sharp contrast to the 60s, 70s, and early 80s when exports were about thrice as imports.

He stressed, "the Philippines cannot afford not to ratify the Uruguay Round Final Act."

Thailand

Release of Thai Suspects in Cambodia Studied

BK1708142394 Bangkok Radio Thailand Network in Thai 1200 GMT 17 Aug 94

[Text] Speaking in an interview with newsmen at Government House this afternoon, Pratyathawi Tawethikun, deputy permanent secretary of the Foreign Ministry, said the Cambodian Government will free five of the 14 Thais detained in Cambodia for involvement in the coup plot. He said the embassy in Phnom Penh had reported this to the ministry; it evidence of the effort made by the embassy to secure the release of the Thais. It also reflects that relations between Thailand and Cambodia remain normal. He said the Cambodian Government asked that the names of the five Thais to be freed not be disclosed. The deputy permanent secretary believed the five would be freed and return to Thailand either Friday or Saturday. As for the nine others, he said the Foreign Ministry will arrange for lawyers to defend them. The ministry will do its best to guarantee justice for the nine persons.

The commander of the 1st Army Region, Lieutenant General Chettha Thanacharo, granted an interview to newsmen today concerning Prince Norodom Sihanouk's message sent from Beijing instructing the Cambodian Government to free five of the 14 Thais detained for involvement in the coup in Cambodia. Lt. Gen. Chettha said he believed the order would be carried out and the five Thais would be freed. The rest will be charged and tried by court. During the court trial, he said Thailand can provide lawyers to look after them under Cambodian law. Asked about coordination of work to help the nine others, he said this is the responsibility of the Thai Government acting through the Foreign Ministry. Asked about Cambodia's request for two Thai suspects to be tried in Cambodia, Lt. Gen. Chettha said this is up to the judgment of the Foreign Ministry.

Australian Minister Discusses Defense, Trade

BK1808045994 Bangkok THE NATION in English 18 Aug 94 p A5

[Text] Australian Trade Minister Bob McMullan wants closer industrial links with Thailand in five targeted areas, including defence industry cooperation—despite recent reports of an army ban on the purchase of Australian defence equipment.

Australia hoped to promote the defence cooperation with Thailand, he said in a speech to the Australian-Thailand Business Council in Bangkok yesterday.

The proven capabilities of the Australian defence industry would fit in well with Thailand's recently announced strategic refocussing to protect national interests.

This could include the development of weapons systems technology as well as the area of training defence personnel.

"Our countries have been cooperating successfully for a long time, and all the signs indicate that we will continue to cooperate in the defence industry in the future," he said.

Defence is one of the five industries Canberra wants to promote in Thailand, along with telecommunications and information technology, environmental technology, infrastructure development and construction, and food processing.

McMullan, who is leading an Australian business delegation to Thailand on a four-day visit, said he planned to have talks with Defence Minister Wichit Sukmak following reports that the military had banned a tender by Australian Defence Industries (ADI) to supply new Steyr rifles for the army after an Australian human-rights group alleged the weapons, or the rifles they replace, could end up with Cambodia's Khmer Rouge.

McMullan said that he had not received such a "public statement" from Thailand. "There never was such a prohibition on Australian trade," he said.

Australia was interested in both short-and long-term contracts, providing defence equipment as diverse as rifles and aircraft specially designed for service in the hot climates which prevail in Australia and Southeast Asia.

"Australian technology is designed particularly to serve in hot and tropical weather," he said.

McMullan yesterday had separate meetings with Deputy Prime Minister Suphachai Phanitchapak and Commerce Minister Uthai Phimchaichon. He said they discussed economic issues from bilateral and regional aspects.

On the regional front, McMullan said he discussed possible links between the ASEAN Free Trade Area (Afta) and the Closer Economic Relations (CER) agreement, a free trade area between Australia and New Zealand. Although it was too early to say what this would involve, "the idea is that we should have some formal linkage between Afta and CER, but the details have to be further worked out," he said.

ASEAN economic ministers have agreed to set up a working party to look into the matter during their scheduled September meeting in Chiang Mai.

"Geographically, East Asia is quite close to Australia and we should look into how to make the whole region attractive to international competition," he said. However, if the ASEAN ministers agreed they would not support a CER-Afta link, Australia and New Zealand would have to comply.

On bilateral issues, McMullan said he had asked Thailand to reduce tariffs on imports from Australia. This was a one area of particular concern to Australian exporters.

"Thailand has not matched the major tariff reductions adopted by Australia and tariff levels for a range of items of interest to us remain very high," he said.

"We have made it quite clear to our Thai colleagues our hope that Thailand will move quickly to implement the tariff reduction undertakings it made in the recently concluded Uruguay Round of multilateral trade negotiations," he said.

A specific issue raised were the high tariffs imposed on Australian-made Kellogg's breakfast cereal, whose price competitiveness was damaged by the ASEAN Industrial Joint Venture programme, which favoured the rival, Philippines-based, Nestle company through tax concessions.

McMullan said that he understood that the matter was related to the constraints of some ASEAN regulation, but the Thai government had yet to respond to Canberra's request.

He hoped reforms could also be made as such areas as import-licensing procedures and to Thailand's current "intrusive" inspection procedures on imports.

Australia Sidelines Thorny Issues To Cement Ties

BK1808083794 Bangkok BANGKOK POST in English 18 Aug 94 pp 15, 16

[Text] Australian Trade Minister Bob McMullan signalled yesterday that his country would brush aside contentious commercial issues with Thailand and its ASEAN partners at the seventh Australia-Thailand Business Council meeting.

Thorny issues that have irritated the two trading nations include: breakfast foods, ASEAN trade with Burma, weapons sales and ASEAN labour practices.

Nearly half of Australian exports now find their way to North and Southeast Asia.

Since the 1980s when the country's exports as a function of GDP stood at 16 percent, the 1990s have seen that ratio has grown to 22 percent.

"We are very conscious of Thailand's special links with it's non-ASEAN neighbours and of the promise these hold for Australia, in particular through cooperative ventures with Thai companies," said Mr McMullan.

He said that labour rights would remain one area Australia would continue to stress in its relations with ASEAN.

He said, however, the issue remains "far away from being resolved and that the country hasn't formed a final position as yet if to work through the International Labour Organisation".

Mr McMullan said the proposed link between ASEAN's AFTA [ASEAN Free Trade Area] accord and the Closer Economic Relations (CER) arrangements with New Zealand would be based on the consensus reached along with its implementation at the next ASEAN meeting in September.

"Of particular concern to Australian exporters is the imbalance in tariff reductions the two countries share. Thailand has yet to match the major tariff reductions adopted by Australia, and tariff levels for a broad range of items of interest to us remain very high," he said.

Both commodities and higher value-added products exported from Australia to Thailand increased 15.6 percent to reach US$900 million in fiscal 1993, making Thailand the country's 12th largest export market, up from l9th two years earlier. Thai exports also registered similar growth at 16.5 percent

Australia continues to register a trade surplus with Thailand. The current joint meeting is focussing nearly exclusively on Australia's opportunities within the region.

As the second largest economy in ASEAN, Thailand ranks, however, as the fourth largest market for Australian goods accounting for 2 percent of the country's total exports. Two-way direct investment, with Australia investing US$210 million in Thailand in 1993 is less than a third of one per cent of total Australian foreign investment.

According to data provided by Dr Suthat Setbusang, director of the ASEAN Secretariat Economic Research Bureau, who spoke at yesterday's seminar, Thailand's tariff barriers remain high compared to other ASEAN countries. However, under AFTA, Thailand's tariff schedules would decline rapidly, he claimed.

NESDB [National Economic and Social Development Board] secretary-general Phisit Phakkasem was more blunt saying that Australian businessmen could take advantage of growing development of sub-regional linkages without waiting for AFTA implementation.

Mr McMullan, in Thailand to address the seventh meeting of the Australian-Thailand Business Council (ATBC) and to meet the Prime Minister and other senior officials, said yesterday that his country is seeking to assist Australian and Thai businessmen develop business opportunities in newly industrialising economies.

"I don't wish to turn success into failure but the potential is certainly there to do much better," he said. According to the trade minister, Thailand is the economic and political centre of gravity in mainland Southeast Asia and is playing an increasingly important role in issues of major interest to Australia.

Declining to speculate if Australian businessmen were missing out on business opportunities in Burma, he played down the opposing ASEAN and Australia positions by saying: "While we think human rights issues are important, we don't have a ban on the country."

On specific issues that were discussed at the meeting, the dispute with the Thai government over weapons sales "never was a serious problem", he said. The dispute over ASEAN favouring Philippines breakfast food producer Nestle over Australian producer Kellogg will be soon resolved.

Australia, according to Mr McMullan, is developing into a global competitor in construction, communications, food processing and environmental technology.

As part of the visit, several working committees were set up to exploit business opportunities in these areas. Participants included Sino-Thai Engineering & Construction president, Chawarat Chanwirakun, At Taolanon, president of TelecomAsia, Suraphon Wongwathanarot, president of Surapon Seafoods, and Dr. Thira Phanthumwanit, president of Thailand Environmental Institute.

More than 30 senior executives from Australia's leading industries accompanied Mr McMullan to the Kingdom.

Signed yesterday was a joint venture between MITS Ltd, an Australian firm that specialises in information technology, and Summit Supplies Ltd (Thailand), forming MITS Thailand.

Repatriation of Lao Refugees To Conclude

BK1708150794 Bangkok Voice of Free Asia in Thai 1030 GMT 17 Aug 94

[Text] According to a report by the subcommittee in charge of policy and public relations regarding Lao refugees, there are currently 18,886 Lao refugees in Thailand—7,599 at the Phanat Nikhom Holding Center in Chon Buri Province and 11,287 at the Ban Napho Center in Nakhon Phanom Province. Thailand is preparing a list of Lao refugees who have volunteered to return home for presentation to the UNHCR so that the Lao People's Democratic Republic [LPDR] can be advised and make preparations for the returnees.

The repatriation will be carried out in three phases. During the first phase, between July and September, a total of 5,000 will be repatriated; in the second phase, between September and December, 3,000 will be repatriated; and in the third phase, between December and April 1995, 4,000 will be repatriated.

The subcommittee reiterated to the Lao refugees residing in Thailand that the Thai Government is firm in its policy of closing the two refugee holding centers before April 1995 and that there will be no extension of the timeframe.

The current situation in the LPDR is peaceful and marked by a rapid pace of economic development and investment in numerous projects. Refugees returning home now will have a good chance to find jobs and start new and happy lives. They can contribute to the economic reconstruction and development of their country. Those who are interested in going to a third country can apply for resettlement once they are back in Laos. The subcommittee urged Lao refugees to decide quickly about returning to their country. This would be in the interests of their own families as well as their country, which needs their cooperation in development.

Investment Protection, Trade Sought in Laos

BK1808062894 Bangkok BANGKOK POST in English 18 Aug 94 p 6

[Text] Thailand wants to form a joint committee on economics with Laos at this year's Joint Commission meeting, a Thai Embassy source in Vientiane said.

Under the framework of the Thai-Lao Joint Commission, the body will aim to protect Thai investors in Laos and strengthen trade ties.

The fourth meeting of the Thai-Lao Joint Commission co-chaired by the countries' foreign ministers, will be held in Phatthaya from September 12-15, a Foreign Ministry official said.

Observers welcomed the idea because Thais are the leading foreign investors in Laos and more are entering the landlocked country.

"The proposed forum should be encouraged to enforce an agreement calling on both sides to protect investment in their respective countries," one Thai official overseeing investment in Laos said.

Thai investors have put $61 million into 64 projects in Laos, according to statistics compiled by the Thai Commerce Ministry's office in Vientiane at the end of last year.

The next biggest investors are the Chinese with $15 million in 22 projects.

The Thai Embassy in Vientiane is launching a campaign to promote investment opportunities for Thais in Laos, focusing on provincial traders who have the potential to do business.

A Thai-Lao Friendship Association was also set up this year to promote bilateral links and is to hold another round of meetings with its counterpart the Lao-Thai Association in early October in Vientiane.

* Financier on End of Support to Chamlong Party

94SE0184A Bangkok MATICHON in Thai 25 Jun 94 p 2

[Unattributed report: "Akon Huntrakun" Opens His Heart, He Dislikes the Moral Force Party, Fears "Chamlong"]

[Text] A footnote from MATICHON: Mr. Akon Huntrakun is Chairman of the Imperial group of businesses and a former MP from Bangkok with the Moral Force Party. On 24 Jun at the Imperial [Twinpark] Hotel he expressed his feelings about the problems of disagreements within the Moral Force Party. This is the first time since he gave up his position as MP that he has commented on the party and may be the last.

Before I say anything I would like to mention the former Prime Minister of China, Chou En Lai, who said that when a minister under the supervision of a prime minister, government official or diplomat did not achieve his goal, he should say, "it is my fault alone that I have not been able to explain everything clearly, and it is my fault that I have not been able to teach my subordinates to be efficient."

I think that the political leaders of Thailand or the leaders of large organizations should remember this because what is wrong or right starts with a country's leaders. I am a former MP of the Moral Force Party and a former supporter of this party. I quit my position as MP and membership in the party in April 1993. After that I supported the party completely because I had many friends there and bonds. But events which occurred 2 to 3 months ago caused me to be unhappy. I had thought this was a good party so I joined it and wanted it to grow, to be strong and varied and to encompass many groups so that it could benefit the country. Then on 19 April there was a resolution presented by the Moral Force Party at the Majestic Hotel that Maj. Gen. Chamlong Simuang should be a Deputy Prime Minister and that 10 ministers with the exception of Lt. Com. Prasong Sunsiri should resign. After that Major General Chamlong said that anyone who did not agree with the party resolution of 19 April was not a true member of the party.

I did not agree with the resolution, and therefore I was not a true member of the party.

I did not think it was right to say that anyone who did not agree with the resolution was not a real member. I felt stifled and hurt because even though I did not agree, I was still a supporter of the party. A disagreement over ideas is not harmful. Then recently Major General Chamlong was interviewed by a newspaper and said that anyone who allowed himself to be interviewed by the media and hurt the party would have to be expelled from the party immediately.

When there is a resolution, everyone should follow it. But with regard to expressing political opinions or MP's expressing opinions, everyone should be able to as long they did not show disrespect for or attack another group with which they did not agree. Politeness is necessary in politics. This is my opinion of the two events which occurred. I can summarize as follows.

The Moral Force Party which I joined made me feel as if there were people who owned the party or bosses. If someone did not agree with the owners or the bosses, he was someone they did not want. I did not think this was democratic because democracy must be diverse. The growth of an organization or country depends on differences of opinion. This is beneficial; these differences can be forged into something very beneficial for everyone.

I thought a political perty belonged to the public, the average person, not to the group or the person which founded the party and acts like its owner. A political party is not like a businessman—it must think of the well-being of the general public. I think it is not right that a person or a group can set up a political party and then act like its owner and treat those who do not agree with them not as true members. It might also be dangerous because after a party has been set up, it must offer its members as candidates, and when enough candidates are elected, then it becomes the government. If the party is owned, would there not be a conflict between the interests of the party and its owners and the interests of the country and the people?

There is a great deal of competition now in the world economy. We must be sure that a party has a corresponding economic policy because this competition is getting fiercer. Any country whose population is not steadily improving in quality or which does not see to it that the quality of its officials, businessmen and people improve will not prosper. Therefore I contend that politics is a matter of administration. It is not a matter of a competition for power between individuals or groups within a party or between parties. This must be made very clear.

I have many friends who are businessmen and professionals. In the past I tried to talk them into joining a political party. Any party would have been all right, but I invited many to join the Moral Force Party. Now its becoming confusing. Every group has joined a party, any party, to build it up. I have always tried to accomplish this. I also believe that many on the outside, whether they are professionals, government officials or businessmen, are entering politics because they have been successful and want to help the country. But the events which happened many months ago have discouraged them. I tell them not to be discouraged. This is political development. If more, capable people enter politics, it will improve Thailand and make it more democratic. I must admit that sometimes we stumble while sometimes things get better. But do not be discouraged.

From the time I became an MP until I resigned I was not a big talker. If people talk a great deal, they become undisciplined. If they talk about everything, confusion follows. Discipline is necessary for a party to join the government. If one believes strongly that this policy cannot be achieved, then one must resign. About 2 to 3 months ago people were wondering whether the Moral Force Party would continue in the government or withdraw. Some said that the ministers from the party who held positions were not willing [illegible] leave. I think that the party administrative committee chose these ministers. If the committee is not satisfied with their effectiveness then it has the right to change them. If they want somebody to be a minister, then they can recommend him. If they do not like Mr. Bunchu Rotnasathian, then they can replace him with Mr Chamlong. I would ask them to state this clearly and frankly. If there are 11 ministers who are not performing well, it should be made clear that there will be replacements. If they believe that everyone is disciplined enough, then this can probably be achieved because most people agree with it and we must listen to the small voices also. But there is no need to talk with those who caused the break because they are not disciplined.

At this point I would like to say that I do not support the Moral Force Party any more. I will do something for the public good, but I do not know what it will be because I am still confused over past events. But I would like to give a little advice and that is that what Chou En Lai said was very good. Take it into consideration because the leaders of Thai political parties should study it.

Major General Chamlong has too much self-confidence. He should listen to others more. There should be clear party positions and policies. If he believes in democracy then he should not speak abusively every day. The Moral Force Party will probably continue on in the future, and even though it stumbles now and then and must be picked up afterwards.

As for the Democrat Party it has become a political institution which will probably be around a long time no matter who becomes its leader.

Article Comments on Vietnam Sea Territory

942E0070A Hanoi TAP CHI QUOC PHONG TOAN DAN in Vietnamese May 94 pp 16-18

[Article by Huynh Minh Chinh]

[Text] In daily life, we frequently hear words used to point out the scope of the country's ocean region, such as "territorial waters," "coastal region," and "Vietnamese territorial waters." Sometimes, people use the concept "buoy zero" to mistakenly indicate the limits of a country's ocean region. How should those terms be understood? What is "Vietnam's ocean region," and what is "Vietnamese territorial waters?" It can be said that with the exception of technical data, ordinarily the use of the above terms in daily life are either understood in a broad sense to include all of Vietnam's ocean areas in general or there is a misunderstanding about the scope and legal system of our country's different ocean areas. Today, at a time when the ocean is playing a more and more important role in daily life and in the development of the economy and the defense of the fatherland and is becoming tied more and more closely to the daily life of the people, having a clear and accurate understanding of the concepts concerning the country's ocean regions, which includes national rights and interests at sea and the responsibility of defending our sovereignty at sea, is both necessary and useful.

According to today's international law of the sea, a coastal country can have the following ocean areas: and internal sea, territorial waters, adjoining waters, special economic zones, and a continental shelf with a different scope and legal system. The concept of "territorial waters" has been around the longest in laws of the sea, but that does not mean that this concept has now become an "old issue" of no practical significance.

The concept of territorial waters originated during the process of using and exploiting the seas and oceans. Coastal nations needed to control a coastal strip in order to block smuggling and illegal infiltration into their territory and protect fishing and the rights of fishermen. More recently, countries have needed to protect their natural resources at sea to serve development. On the other hand, the strong naval and industrial countries have not wanted coastal countries to expand their sovereignty at sea so that they can move about freely and control the seas and ocean natural resources. In the 18th Century, the doctrine of the territorial waters of a country was expanded to mean the range of the weapon of that time, the cannon, that is, 3 nautical miles. Even though a number of countries stipulated that their territorial waters extended 4 or 6 nautical miles, in the 19th Century, because England controlled the oceans and set the limit on territorial waters at 3 nautical miles, this became the standard for international law. But later on, the struggle to define the range of territorial waters continued. In the interests of their own ocean rights, a number of countries set the limits of their territorial waters at 200 nautical miles. Neither the 1930 international conference to establish an international law nor the first sea law conference in 1958 managed to settle this matter and stipulate an international law on the range of territorial waters. In 1982, the new law of the sea agreement of the United Nations stipulated that the maximum range of a country's territorial waters was 12 nautical miles. But at the same time, various new international regulations on special economic zones and continental shelves had to be implemented in order to reconcile the two tendencies mentioned above. Today, international legal stipulations on territorial waters, meaning the territorial waters of a coastal country, set a maximum range of 12 nautical miles calculated from a base line used to calculate the limit of the country's territorial waters. This law has become the customary international law that is accepted by everyone. In November this year, the 1982 UN law of the sea agreement will go into effect, and the agreement's stipulations on territorial waters will become the stipulations of an international treaty.

A country's territorial waters (or territorial sea zone) refers to a coastal strip of ocean lying beyond but adjacent to the continental territory or the internal sea of a coastal country. This area has a specific range calculated from the base line of that country, and that country has total sovereignty over that area. This sovereignty has been expanded and also applies to the air space above the territorial waters and to the bottom of the sea and land beneath the sea in the territorial waters.

As for island nations, their territorial waters lie outside and adjoin the island waters of those countries.

The territorial waters defined as above with respect to individual islands, which is in accord with the definition of "island" mentioned in international law (Article 121 of the 1982 UN Law of the Sea Agreement), belong to the coastal country, but they are outside the common territorial waters of that country.

Each country defines its own territorial waters, but this must be done in accord with the common principles and standards accepted by international law. In this, the customary base line of a coastal country used to calculate the range of the territorial waters is the low tide line running along the coast. In places where the sea shore is deeply pitted and uneven or there is a string of islands near the shore, a straight base line connecting suitable points can be used to mark the base line for calculating the range of the territorial waters. Coastal countries can use one of the two methods mentioned above or coordinate the two methods in order to determine a base line to calculate the range of their territorial waters. But in doing so, they must adhere to the common principles and standards accepted by international law concerning marking the base line used to calculate the range of territorial waters.

Most countries in the world have set the range of their territorial waters at 3-12 nautical miles. The 1982 UN Law of the Sea Agreement stipulates that the territorial waters of a coastal country cannot exceed 12 nautical miles starting from the base line marked in accord with the agreement.

Concerning legal measures, the territorial waters of a coastal country are regarded as territory of that country. The outer limit of a country's territorial waters is the national border of that coastal country.

However, because of the traditional requirements of international navigation, international law stipulates that the vessels of other countries can have right of safe passage through these waters as long as they do not do anything that affects the peace, order, security, or environment of that coastal country. In reality, a number of countries require foreign ships and boats to request permission or to give notice before entering their territorial waters. This is particularly true in the case of foreign warships. It should be noted that the right of safe passage does not apply to the air space above the territorial waters. If foreign aircraft want to fly into the air space above the territorial waters of a coastal country, they must request permission from that coastal country.

An important point here is that in the past, according to the 1958 law of the sea agreement, the sea area just beyond the outer limits of a country's territorial waters—the national border at sea—was international waters. But now, according to the 1982 UN Law of the Sea Agreement, even outside the bounds of its territorial waters, a coastal country may have special economic zones over which it has sovereignty and jurisdiction. International waters are outside the outer boundaries of the special economic zones of a coastal country. Besides this, with respect to the bottom of the ocean and land beneath the ocean outside and adjoining the territorial waters of a country, coastal countries have continental shelf zones over which they have sovereignty and jurisdiction. The 1982 agreement stipulates things must more fully and concretely than the 1958 agreement.

Determining Vietnam's territorial waters has gone through the common processes of the development of international law. During the feudal period, our ancestors gave much attention to defending the country's sovereignty at sea. According to Chinese Song dynasty chronicles, Tong Cao, a Song envoy who was sent to our country in 990, sent a report to the Song emperor stating that when he reached "Giao Chi [Vietnamese] waters," Emperor Le Dai Hanh sent nine warships and 300 troops to Liem Chau to welcome him and escort him to the stipulated location (present-day Ninh Binh). But basically, during that period, we actually controlled only the coastal area and islands of Vietnam, and the scope of Vietnam's coastal area (territorial waters) was not clearly stipulated. After the French colonialists invaded our country, France applied their laws of the sea in our country. In 1926, the French president stipulated that the fishing area and territorial waters in the eastern ocean extended for 3 nautical miles. In 1936 France stipulated that the fishing grounds in the eastern ocean extended for 20 km (approximately 10.8 nautical miles). Then in 1948, French authorities stipulated that territorial waters in the eastern ocean extended for 3 nautical miles and the fishing grounds in the eastern ocean extended for 20 km. After 1954, in northern Vietnam, the government of the Democratic Republic of Vietnam supported the stipulation that territorial waters extended for 12 nautical miles, but there were no specific stipulations. At the same time, in southern Vietnam, the puppet regime adhered to the stipulations setting the range of territorial waters at 3 nautical miles. On 12 May 1977, our government issued an historical declaration on the territorial waters, adjoining areas, special economic zones, and continental shelf of Vietnam. This declaration stipulated:

"1. The territorial waters of the Socialist Republic of Vietnam extend for 12 nautical miles beyond the base line connecting the most protruding coastal points and outer points of Vietnam's coastal islands calculated from the low tide line.

"The coastal areas within the base line and near the coast constitute the internal sea of the Socialist Republic of Vietnam.

"The Socialist Republic of Vietnam has full and total sovereignty over its territorial waters and over the air space, ocean bottom, and land beneath the ocean in its territorial waters."

On 12 November 1982, the government of the Socialist Republic of Vietnam issued a declaration on the base line used to calculate the range of Vietnam's territorial waters.

Our government's stipulations were in complete accord with the common stipulations of international sea laws. Based on our government's declarations, since 1977, Vietnam's territorial waters extend 12 nautical miles from the base line used to calculate the range of territorial waters that was announced in 1982. Vietnamese islands and archipelagoes located outside these territorial waters have separate territorial waters. Within our territorial waters, our country has full and total sovereignty. This means that our territorial waters are an indivisible part of Vietnam's territory. Thus, the outer boundaries of our territorial waters constitute our country's national border at sea. Within our territorial waters, there is only one issue that needs to be decided and that is, if foreign vessels are granted right of safe passage in our territorial waters, steps must be taken to safeguard the legitimate rights of the maritime sector and to ensure that the passage of foreign ships does not have an adverse effect on our country's order, peace, or sovereignty.

When clearly defining the scope of our territorial waters (territory at sea) and our country's sovereignty with respect to Vietnamese territorial waters, something that must be remembered is that the outer limits of our territorial waters are not the outer limits of our country's territorial jurisdiction at sea. According to the international law of the sea, we also have sovereignty and jurisdiction over special economic zones and Vietnam's continental shelf. This includes ocean areas, the bottom of the sea, and the land beneath the sea located outside and next to our territorial waters. This extends much farther out to sea.

When talking about "Vietnamese ocean areas" and "Vietnamese territorial waters," people understand that this includes our internal sea, our territorial waters, adjoining areas, our special economic zones, and Vietnam's continental shelf. When talking about "Vietnam's territorial waters," people are referring only to a coastal strip that extends out 12 nautical miles from the base line used to calculate the range of the territorial waters, over which we have full and complete sovereignty. Foreign vessels may have right of safe passage through our territorial waters as long as they don't impact our country's order, laws, peace, or security and as long as they follow the stipulated routes and maritime channels. Thus, the term "buoy zero" does not have any meaning in defining the scope of our country's sovereignty at sea. The area of Vietnam, with the new stipulations of the international law of the sea, has changed greatly as compared with its traditional image.

Indonesian Chamber of Commerce Signs Pact

BK1708042294 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 16 Aug 94

[Text] The Indonesian Chamber of Commerce and Industry, KADIN, recently signed an agreement to help Vietnam develop electricity projects to raise Vietnam's electricity capacity from 4,000 to 8,000 megawatts by the year 2000.

In order to carry out the projects, KADIN plans to set up a committee to support companies wanting to invest in production, consultation, and construction activities in Vietnam such as construction of expressways, economic processing zones, ports, residential complexes, hotels, and cooperation in agricultural development projects.

* Article on Use of Manpower in Modernization

BK1708155694 Hanoi QUAN DOI NHAN DAN in Vietnamese 26 Jul 94 p 3

[Article by Viet Phuong: "Training and the Use of Manpower in Industrialization and Modernization"]

[Text] We currently have about 6.6 million salaried workers and office employees working in various economic sectors. They are engaged in production, business, and services in support of such sectors as industry, construction, communications and transportation, posts and telegraphs, education, public health, culture and society, and state management. Although they account for only 15.7 percent of the total social work force and 8.6 percent of the country's population, these workers control the nerve centers of various socioeconomic sectors. They form the backbone and the brains of the national economy. Of these 6.6 million workers (with youths making up 33.6 percent), 70 percent have vocational middle school education or better. Of the 1.7 million technical workers, 13.4 percent have professional skills from Grade 4/7 upward. A segment of workers, especially young workers, has taken the initiative to overcome difficulties in furthering their studies through self-teaching methods meant to improve their knowledge. They have studied foreign languages, new technical skills, and market relations. Many of them have become entrepreneurs. In certain sectors, a number of workers have upgraded their intellectual level to engineer through on-the-job training.

At a time when our agriculture-based economy is still backward and heavily marked by small-scale production, our industrial workers tend to act according to their own free will. Their production efforts are still scattered and fragmentary, whereas modern industry requires us to have a very high sense of organization, discipline, and urgency. On top of that, for a long time the centralized and subsidized system of management and planning have kept a considerable number of workers unfamiliar with the commodity-based economy and business accounting and with aspects related to cooperation. The creativity and enthusiasm of workers has declined because of our prolonged maintenance of an egalitarian wage policy and an irrational welfare policy. As a result, negative phenomena and indications of dependency, misappropriation of public assets, and violations of the law exist among a segment of workers and have lingered for many years.

Our country's technological development has been slow compared to the rest of the world. Over the years, we have imported and transferred technology to such spearhead industries as machinery, metallurgy, mineral ores exploitation, and machine manufacture. Most of our industries remain at the technological level of the 1920's or 1930's. That is the reason our contingent of technical cadres and skilled workers has been weak in approaching modern industries and technological progress as we approach the end of the century.

Our country's contingent of scientific and technological cadres now includes 700,000 cadres with college educations (including 600,000 research cadres). They have been trained systematically; they are good in fundamental theory and capable of acquiring new technological know-how in the areas of electronics and computer science. The distribution of our scientific and technological cadres has been seriously uneven, though, especially between various areas and sectors themselves. According to statistics obtained in 1992, as many as 94.4 percent of scientific and technological cadres are working at central-level agencies while only 5.4 percent are working in the provinces and 0.2 percent in the districts. In the agricultural, forestry, and fishery sectors, rather than considering the countryside their main area of operation, 89.3 percent of the scientific and technological cadres work at central-level agencies. Meanwhile, the tasks of providing training, organizing, utilizing, and ensuring the wellbeing of scientific and technological cadres and technical workers have, over the years, shown many irrationalities. Cadres are too redundant in certain localities while in great shortage in others. Efforts have not been made to encourage cadres, workers, and office employees to strive to improve their professional skills.

To create the conditions and premises for accelerating industrialization and modernization, we must regard human beings as both the goal and the driving force for socioeconomic development. This manpower resource is a most dynamic and decisive factor in the development of various resources needed for our industrialization and modernization strategy. To take the initiative in developing the manpower resource for the present and long-term process of industrialization and modernization, we must harmoniously resolve three main issues—education and training, employment, and job creation.

As far as developing education and training, we must carry out training in a diversified and constant fashion and provide everyone with a sound and basic education. We must raise the intellectual level of the people through expanded training. We must concentrate on providing priority training to people working in certain spearhead branches and occupations required by the industrialization and modernization strategy. We must gradually effect a change in terms of quality and organization. We must step up vocational training for youths in the rural and mountain regions and create momentum for economic change in these regions in the direction of industrialization and modernization.

In the employment of manpower, we must first use our existing contingent of scientific and technological cadres and workers satisfactorily in conjunction with efforts to provide them with additional and refresher training. The state must install a strict and permanent system of entrance exams, personnel assignments, evaluation, selection, and replacement for civil servants in this field. At the same time, we must give them the proper material and spiritual rewards in accordance with their individual contributions. We must organize a satisfactory health care system for workers, especially female workers and those working under harsh conditions and in polluted environments.

Along with resolving the above two issues, the state must come up with a specific employment policy for workers. We must create jobs for redundant workers by encouraging and creating the conditions for various organizations and individuals to invest in production and support services. We must step up the export of labor and promptly develop a policy to provide unemployment allowances to supplement various social welfare policies for those who lose their jobs or are underemployed.

Only through the resolution of the above tasks can we create the conditions to carry out the strategy to industrialize and modernize the national economy and contribute to building a prosperous, beautiful, and civilized society.

Resolution on Industrialization

Part 1

BK1308143994 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 11 Aug 94

["Part One" of a resolution on "carrying out industrial and technological development until the year 2000 with the aim of achieving national industrialization and modernization and building the working class in the new stage" issued by the Communist Party of Vietnam Central Committee's Seventh Plenum in Hanoi between 25 and 30 July]

[Text] Industrialization and modernization are processes of effecting radical and comprehensive change in all production, business, service, and socioeconomic management activities—from the use of manual labor as the principal means to the predominant pairing of the work force with technology and modern advanced methods, based on industrial development and scientific and technological progress, to create higher social labor output. This is a long-term process.

To implement the midterm national party conference resolution promptly, the party Central Committee's Seventh Plenum concentrated on discussing policies to achieve industrial and technological development and to build the working class with the aim of further advancing the cause of national industrialization and modernization.

I. The situation regarding industry, technology, and the working class.

Over the past several decades, the industrial and technological development process in our country has attained important achievements, thus creating initial material and technical bases and contributing to national defense and construction in the socialist spirit.

Industrial products have met considerable production, welfare, and export requirements. A number of large projects have been built and some sectors and industrial complexes have taken shape. In recent years, our country's industry has undergone changes and has developed. This has contributed to creating a relatively high economic growth rate. We have been able to train a remarkable contingent of scientific and technological cadres and skilled workers. Scientific and technological research and application efforts have made some progress.

Our country's industry, small industry, handicrafts, and technology are still weak, however. As of 1993, industry accounted for only 20 percent of total domestic production and 11 percent of the total work force. Manufacturing and processing industries made up only a small percentage. The industrial sector's potential to provide equipment for the national economy is still unremarkable, Infrastructure development is slow, the technological level is backward, labor output is low, production costs are high, and product quality is poor. The environment has become increasingly polluted. The financial conditions and material means required for scientific and technological development are inadequate while our ability to study, apply, appraise, and select technology is still limited. The educational knowledge and professional skills of the work force are still low.

Many state enterprises operate ineffectively. Privately-run industries and cooperatives have achieved unremarkable growth and have not been given the appropriate assistance. People who have money do not yet feel truly safe investing in production. The renewed macroeconomic management mechanism is not harmonious and has not yet created a favorable environment for industrial and technological development. The system of laws, particularly economic laws, is inadequate and has not been strictly followed. The financial and banking system has still not been updated, export-import management is fraught with mistakes, and administrative procedures are inconvenient. Through its vanguard party, the Vietnamese working class—which led the Vietnamese revolution over the past half century and more—is now taking the lead in renovation, industrialization, and modernization. Yet in the process of shifting to a new mechanism, there have been numerous indications of belittling the position and role of the working class. Policies to build the working class have not been promptly reformed. Attention has not been paid to enhancing awareness of class, general knowledge, professional skills, professional obligations, and the industrialization-oriented behavior of workers. Satisfactory efforts have not been made to care for the interests of workers and create a catalyst to encourage them to devote themselves to creative labor.

Many social policies for the working class are no longer suitable. Research on the working class has not been given appropriate attention. A segment of workers has failed to realize the role and duty of their class. They lack the vanguard and revolutionary characteristics. A considerable number of party cadres and members have become degenerate, bureaucratic, and corrupt. They lead slavish lives, spend wastefully, and disassociate themselves from the working class character.

Trade unions have failed to develop their role satisfactorily as large-scale political and social organizations of the working class. Their working procedures are still not smooth.

II. The policy designed to develop industry and technology up to the year 2000.

1. Advantages and difficulties.

Our country enjoys great advantages and opportunities. The political and social situation is stable. The multisectoral commodity-based economy, which is operating in accordance with the market system under state control, is taking shape and growing. Material resources have been strengthened, exports have increased sharply, and the economy has achieved some initial capital accumulation. The people's intellectual level has improved. More experience have been obtained in party leadership and state management.

The trend toward internationalizing the economy has increased. The scientific and technological revolution has developed boisterously. The economy of the Asia-Pacific region is developing fast. Our country's international relations are increasingly expanding.

Our country has many important advantages in development. It has a superior political system, desirable geographical and economic positions, abundant manpower, relatively cheap labor costs, and diverse natural resources. Our people are highly capable of gaining experience and acquiring advanced technology from around the world.

We also face many formidable difficulties and ordeals. The economy has developed poorly, inflation is not under firm control, our sources of capital are limited, we have to cope with fierce economic and trade competition, and the national defense and security situation is still complicated. Education and training, research, and application are still trailing the requirements. The contingent of cadres is still weak. Cadre assignment is irrational. The apparatuses of the party, state, and various mass organizations are still cumbersome and ineffective. The situation with wasteful spending, bureaucracy, and corruption is grave.

We must work to seize the opportunity to develop our advantages, overcome difficulties, dispel dangers, and overcome ordeals in order to further advance the process of national industrialization and modernization.

2. Objectives and standpoints.

a. Objectives: The long-term objective of industrialization and modernization is to transform our country into an industrialized nation with modern material and technical bases; a rational economic structure; advanced production relations in accord with the growth of the production force; high material and spiritual living standards; strong national defense and security; and a prosperous people, powerful country, and equitable and civilized society. From now until the year 2000, the push for industrialization and modernization must be aimed at attaining and exceeding the targets set in the socioeconomic strategy for 1991-2000, which call for bringing the country through crisis, stabilizing the socioeconomic situation, overcoming our status as an impoverished country, improving the people's lives, consolidating national defense and security, and creating conditions to achieve more rapid national growth at the beginning of the 21st century. Efforts must be made to increase GDP by two or two and a half times that of 1990 with average annual industrial output increasing by 13-25 percent, and to raise the industrial percentage of GDP to approximately 30 percent by the year 2000.

b. Standpoints: Industrialization and modernization must follow the socialist path. It is necessary to maintain firm independence and sovereignty while broadening international relations, multilateralize and diversify relations with foreign countries, combine economic construction with national defense and security, and build an open-door economy that is heavily oriented toward exports while replacing imports with products that can be successfully produced at home.

Industrialization and modernization are the obligation of the entire people and of all economic components, which—with the state-run economy playing the leading role—operate according to the market system under state control. It is necessary to take the development of human resources as an essential factor for rapid and lasting development; encourage the entire population to be frugal for the sake of national construction; and develop the economy in conjunction with efforts to improve people's lives, carry out cultural and educational development, achieve social progress and social justice, and protect the environment.

Science and technology are the basis of industrialization and modernization. We must link traditional technologies with modern technologies, moving to modernization quickly in decisive steps. We must use socioeconomic results as the basic standard for determining development plans and selecting technological investment projects. We must make in-depth investments to exploit our existing production potential to the fullest. In new development projects, priority must be given to the medium and small scales and advanced technology that may help with the quick recovery of capital. Meanwhile, efforts must be made to build a number of essential large-scale projects successfully. We must concentrate our resources as appropriate on supporting various key work areas and localities while paying attention to meeting the essential requirements of development in all areas in the country and coming up with policies to help those areas that are facing difficulties.

3. Industrial development policy.

Based on the general orientation for industrialization and modernization until the end of this decade, as affirmed in the midterm national party conference resolution, substantive guidelines for work disposition are as follows:

a. Industrial and infrastructure-level sectors: The processing industries for agricultural, forestry, and marine products and the agriculture, forestry, and fishery industries themselves must single out areas for centralized and specialized crop cultivation where new technology, particularly biological technology, can be introduced into production to create large sources of high-quality raw materials and meet the requirements of the contemporary processing industry. It is necessary to minimize the use of toxic chemicals to move toward sanitary agriculture in accordance with international standards.

Great attention must be given to making technological investment in work involving the maintenance, transportation, and sales of products. It is necessary to develop processing facilities in areas where raw materials are available, improve nutritional quality, guarantee hygiene standards, and diversify the ranges of food products. Attention must be given to the following important points:

—develop the growing and processing of rice with ever-better quality so as to meet domestic consumption and to attain high export value and results.

—process meat, dairy, fish, shrimp, vegetable oil, vegetables, and fruits.

—vigorously develop the sugar refinery industry along with expanding sugar cane growing to meet our own requirements for sugar.

—expand the production of soft drinks of all kinds, especially fruit juice.

—limit the processing of liquor with high alcohol content.

—develop at a given level the manufacture of cigarette and increase the level of self sufficiency in raw materials.

—promptly increase the capability and level of processing industries that turn out end-products such as rubber, silk, tea, coffee, timber, and other export-oriented agricultural, forestry, and marine products; and reduce the export of unprocessed and semi- processed raw materials.

As for commodity industries, we must develop industries for commonly-used commodities, expand the production of durable and high class goods, renovate technologies, improve product quality, diversify the ranges of goods, renovate package design and reduce production costs.

We must vigorously develop the manufacture of export-oriented consumer goods, particularly such products as garments, textile, leather ware, electronic goods, home economic appliances, handicraft and art objects. We must strive to promptly shift from working on subcontracts to producing goods for export by ourselves.

With regard to mechanical, electronic, and computer technologies, we must reorganize and develop the machinery sector, make full use of our existing capabilities and modern technologies to create a new, essential production potential. We must broaden our cooperation and partnership with foreign countries, ranging from machinery assembly and the manufacture of spare parts to the manufacture of complete products.

We must concentrate on implementing the program to mechanize the agricultural, forestry, and fishery sectors, manufacturing the equipment needed for processing agricultural, forestry, and marine products and manufacturing consumer goods.

We must manufacture equipment and means for construction, mineral ore-exploitation, communications, and transportation purposes.

We must vigorously develop the building of river- and sea-going vessels, assemble vehicles and machines and produce their spare parts in the gradual advance toward manufacturing vehicles, machines, and automobiles.

We must develop the network of machinery repair and prepare to build a number of new machine manufacturing plants.

We must develop the electronics and computer sector so that this sector can serve as a spearhead in the upcoming decade for implementing the national program on the information industry. We must promptly introduce electronics and computer science into production, service, management, everyday life, and national security and defense.

Industrial sectors involved in the production of raw materials, fuel, and processed materials must step up their efforts to search for and exploit oil and gas, promptly increase oil and gas output, and build oil refineries, gas pipelines, and industries using natural gas.

We must develop the oil and gas industry and gradually shape up Vietnam's petroleum industry.

We must reorganize and develop the coal sector, meet the requirements for protecting the natural resources and environment of mining areas and increasing the processing of coal for consumption.

We must expand the production of steel, chiefly steel used for construction and manufacturing purposes.

We must reform, expand, and renovate the equipment and technologies of existing steel manufacturing establishments; build a number of small- and medium-size steel rolling and metallurgy projects; study and prepare to build large metallurgy plants; and develop the production of some nonferrous metals on an appropriate scale and with appropriate technologies.

We must develop the production of cement to meet domestic demands in the advance toward turning out exports.

We must increase the production of other building materials. Attention must be given to producing materials for interior decoration as well as high-class materials.

We must develop the production of new materials such as porcelain for industrial use and composite materials to replace some of the less effective traditional materials.

We must step up the production of fertilizer to meet the requirements for phosphate fertilizer, increase the capability to produce nitrogenous fertilizer, expand the production of composite fertilizer, and pay attention to producing organic fertilizer and less hazardous insecticides.

We must increase the production of essential chemicals and step up efforts to explore, exploit, and process various natural resources and mineral ores of high economic value.

Concerning tourism and the supporting services, we must vigorously develop tourism and shape up the tourism industry, making its scope of activity increasingly commensurate with the great tourism potential of our country.

We must develop and gradually modernize various kinds of information, technical, trade, financial, banking, transport, insurance, consultancy, legal, and catering services to contribute to making an effective change in the economic structure.

We must reorganize and expand the market system in urban and rural areas and build a number of supermarkets in big cities.

With regard to the national defense industry, we must appropriately invest in the national defense industry through various steps of industrial and technological development in order to help provide equipment to and gradually modernize various combat branches and armed services. In the period ahead, we must strive to be able to manufacture some ordinary weapons and equipment and gradually build military boats for the Navy and the Border Defense Corps.

We must have appropriate policies and structures if we are to promptly apply scientific and technological findings in the national defense industry.

We must introduce new technologies to improve our capability to maintain, repair, renovate, and modernize our existing equipment. We must apply computer science and automation in combat deployment and planning.

In developing the public utility industry, we must concern ourselves with meeting the requirements of the national defense and national defense industry. We must select and create conditions for a number of civilian industry enterprises to coordinate their production activities in support of the military when necessary. We must make full use of the potential of the national defense industry to manufacture civilian goods.

As for the infrastructure, we must reform, modernize, and mobilize to the fullest the output of all existing power plants; we must complete buildings and build a number of new electric power projects with one project overlapping the other. We must perfect the national power grid, renovate and gradually standardize the medium- and low-voltage power network, and apply uniform measures to reduce power losses.

We must study the possibility of building a nuclear power plant under long-term planning; we must actively use solar energy, wind power, and biogas.

We must gradually upgrade the existing road network, particularly a number of important communication axes that link the north with the south and that link various major economic centers.

We must build a number of new communication lines; upgrade communication axes leading to mountain regions and roads from provinces to districts and villages; and open more roads leading to villages. We must renovate roads and expand public transport in metropolitan areas and large industrial complexes.

We must expand and gradually modernize various large seaports and airports; upgrade a number of small seaports and local airports; and secure full international maritime and civil aviation rights.

We must consolidate a number of rail lines; restore, upgrade, and further open a number of rail links; and exploit international inter-transport lines. We must develop riverine shipping, mainly in the Red and Mekong River Deltas.

We must develop modern signal communications, restore and develop the telephone network in various cities, and bring smooth telephone communications to almost all villages and border gates.

We must zone off and make use of all water resources and ensure enough water supply for industrial and everyday use. We must guard against the pollution of water resources, satisfactorily deal with waste and polluted water, and renovate the sewerage systems for various metropolitan areas and industrial complexes.

We must increase capital investment from various sources for upgrading, building, and modernizing step-by-step the cultural and social infrastructure such as schools, hospitals, radio and television stations, and cultural, physical education, and sport facilities.

We must increase the means and material bases for the implementation of the population and family planning program and for resolving other important social issues.

We must build a number of university campuses and national centers for scientific, technological, public health, physical education, and sport activities.

Part 2

["Part Two"of resolution on "Carrying Out Industrial and Technological Development Until 2000 With The Aim of Achieving National Industrialization and Modernization and Building the Working Class in trhe New Stage" issued by the communist Party of Vietnam Central Committee's Seventh Plenum in Hanoi between 25 and 30 July]

b. Major Regions and Localities:

—Industrialization of Agriculture and the Rural Economy: We should strive to develop water conservancy projects and respond effectively to basic water supply and drainage demands, and apply advanced technologies, especially biological technologies, to agricultural production, starting from the early stage of seed production. We have to implement mechanization step by step in our work, broaden electrification in areas within the sphere of the national powerline network, and build small hydroelectric or generator-powered projects in other areas. In the development of agro-forestry-fishery and other industries, we should encourage the formation of business and services quarters in villages and district towns and cities, and the development of the traditional trades of the localities in parallel with the new trades that utilize modern technologies. We should also pay appropriate attention to the tasks of providing clean water for people in the rural areas, as well as taking care of the transport system, powerlines, schools, medical stations, post offices, radio and television transmission, buildings of cultural interest, and other services for the people so as to gradually create a new atmosphere of a prosperous, clean, and attractive rural region.

—Municipal Development: More investment is needed to develop the industry, services, and infrastructure of cities to create more employment, increase the volume of social goods and average income, and make the cities as the core force to push forward industrialization and modernization in relevant regions and in the country as a whole. We should urgently complete municipal planning and land management for cities, and restore cities in accordance with plans and standards.

We should formulate uniform policies and regulations on the management of cities, perfect the mechanism of management and restoration of cities, and focus on the urgent demands for water supplies and drainage, electrification, transport, hygiene and environment, clearance of slum areas, and so forth. We need to expand and upgrade our current cities, build Hanoi, Ho Chi Minh City, Haiphong, Hue, Danang, and Can Tho into big centers without a heavy concentration of population, and upgrade medium-sized towns, especially those located on major transport routes, those in port areas, and those in major economic zones. However, at the same time we should not neglect the development of the network of small provincial and district towns so they can serve as socioeconomic centers for districts, or satellites for larger cities.

In order to develop the cities, in addition to the main budget allocated by the state, we need to have an early policy of municipal management to apply auditing requirements to all the municipal services and to the collection of fees for land use, housing tax, and other fees on business establishments. We need to encourage state business establishments, as well as other economic elements, and all strata of people to participate in investment to build the infrastructure of public services and to develop their residential quarters in accordance with a proper architectural policy and planning.

Cities are allowed to cooperate directly with foreign partners in investment in building infrastructure and public services provided that state regulations are observed.

—Industrial Development in the Uplands, the Highlands, and the Central Highlands:

Industrial development in the uplands, the highlands, and the Central Highlands should focus on the developing potentials of these regions in agriculture, industrial plants, orchards, medicinal plants, animal husbandry, and mineral exploitation. We should push forward industrialization in agriculture and forestry, build up areas that produce specific supplies for specific vegetation, and apply biological technologies to gain a better yield in terms of quantity and quality. We need to develop establishments that process agro-forestry and fishery products. Regarding the mineral industry, we should continue the survey of mineral resources and consider exploitation of a number of small- and medium-sized mines to serve local or regional needs. However, we should ensure tight state management so that the exploitation is in clear accordance with plans and regulations as well as safety standards and ecological balance. Plans for the exploitation of major mines should also be set up for later years.

In the multisectoral economic development in the uplands, highlands, and the Central Highlands, the state economic sector plays an essentially important role. We need to build steadfast state business establishments that efficiently fulfill the role of being economic, cultural, scientific and technical centers providing services, seedlings, materials, and technologies for processing as well as consumer products for farmers in their areas to help them—especially the minority ethnic people—develop their economic and cultural life.

We should combine the efforts of the state, the people, and the central and local authorities in restoring and upgrading the necessary infrastructure in concentrated production zones. Appropriate attention should be given to the tasks of trade orientation, enhancement of knowledge, and health care for minority ethnic people so that they will become an effective local manpower resource. We should also have a suitable policy for attracting labor coming from cities and the plains, especially professional, technological, and managerial personnel, to work in the uplands, the highlands, and the Central Highlands.

—Industrial Development in Coastal Regions:

We should push forward the tasks of surveying and prospecting for natural resources at sea in order to improve the exploitation of the vast marine potentials. The oil and gas industry and related services should be further developed in parallel with the exploitation of other minerals such as ilmenite, crystallized sand, industrial salt, and so on. We should encourage all activities concerned with rearing, catching, and processing aquatic products. Ship building and repairing should also be refined to encourage fishermen to make further trips to sea. Transportation and other maritime services should also be developed alongside tourism. We should upgrade and expand our port systems and other infrastructure and set up industrial, trade, and tourism centers in the coastal cities to increase economic interaction with foreigners.

We must organize and create conditions for people to settle in islands, closely combining a sea-based economic development with national defense and security to firmly maintain national sovereignty and the integrity of our territorial waters, continental shelves, and exclusive economic zones in the sea.

While attaching importance to the development of all regions, it is necessary to promptly concentrate resources in key economic areas, changing them into nuclei to link up with other regions and accelerate their development. The key areas are Hanoi, Haiphong, and Quang Ninh in the North; Ho Chi Minh City, Bien Hoa, and Vung Tau in the South; and Da Nang, Hue, and Nha Trang in the central region

4. Policies on science and technology development.

The duty to develop science and technologies from now until the year 2000 involves providing a scientific foundation for decisions, guidelines, policies, planning, and investment projects for a quick acceleration of our renovation process and a selective upgrading of the technological level of our economy. We must create and develop our capacity in science and technologies to master imported technologies and create new technologies, preparing for national development in the next decade. The concrete guidelines are:

—We must implement a structure which combines different levels of technologies. All technological measures must be calculated on the basis of the highest standards of socioeconomic growth and eco-environmental protection. The main direction for quickly renovating our technologies is to import advanced and modern technologies and, at the same time, encourage, improve, and create new technologies. In joint ventures with foreign investment, we must pay attention to the factor of technology transfer.

—We must pay attention to technologies that require low investment capital, repay the investment quickly, and create more direct and indirect jobs.

—We must strive to renew equipment and modernize our technologies, starting in areas that carry a decisive significance in the upgrading of our goods quality—especially export goods—, in sections that have direct effect on the upgrading of the technological level of many other sections; and in some sectors and areas that are required to improve themselves to a level equal with that of the regional and international levels.

—We must give priority to the application and development of modern technologies such as information technology to meet the demands for the application of electronics and informatics to our national economy; biological technology for the development of agriculture, forestry, and fishing; technologies for the production of foodstuffs, pharmaceutical products, and eco-environmental protection; and technologies to produce and add value to raw materials, especially from domestic sources.

—We must attach importance to the development of human resources for science and technologies and grant priority to studies for any practical application. At the same time, we must pay appropriate attention to fundamental research, especially in the social sciences and the humanities.

— We must pay attention to the construction and upgrading of technological service systems such as the measurement service, the product quality control service, the technological evaluation service, and the technological information service. We will build two centers of high technology in Hanoi and Ho Chi Minh City and form a system to provide support to technology transfer in rural areas, mountainous areas, and coastal areas. We will build and implement some key programs on technology renovation in some sections of production and service, construct new industries of high technology, develop technologies that serve the industrialization of agriculture and the rural economy, and advance the social sciences and humanities that serve our industrialization and modernization.

5. Policies and Measures.

a. Developing a human resource.

We must satisfactorily carry out the targets on education development until the year 2000, upgrade the people's general knowledge, and train our human resources to a high level and uniformity to meet the demands of the industrialization and modernization process. We must evaluate the current human resources and execute policies and planning to arrange, assign, employ, and retrain the current human resources.

We must develop a diversified training system with appropriate targets, contents, methods, and scales. We must pay attention to uniformly training science and technology cadres, management cadres, and businessmen as well as skilled workers, administrative and professional staff, and so forth. We must give training priority to leading sectors and professions, pay appropriate attention to the practical capacity, and regularly retrain the labor force at work.

We must establish directions, policies, and planning to send people for overseas training; socialize the training undertaking with appropriate investment from the state together with policies to encourage and motivate everybody from all walks of life and economic sectors to participate in the cause of education, training, and retraining. We will apply a policy of providing education loans, even to students, to develop our education and training.

We must combine knowledge and professional training with the upgrading of moral quality to form a labor force of good professional skills and industrial working attitudes, diligence, and creativity; high productivity, quality, and efficiency; and consciousness to strive for national prosperity and the people's happiness. We must reasonably deploy, employ, and recompense the labor force that has been or will be given training; provide special treatment for outstanding intellects; and strongly develop the creative force of the contingent of intellectuals.

We must renovate our system, structure, and regulations on education and training. We must link training with employment, and build a close relation between state management organs on education and training and management organs involved with the work force and employment; we must relate training facilities to work establishments.

We must widely disseminate information on education, training, and jobs to create conditions for the laboring people, especially people with good training, to locate jobs suitable for their profession and with a decent income. We must terminate the situation in which there are science, technology, social, and cultural cadres who have been trained but cannot find a full-time job; we must encourage everybody to look for a job and must create jobs for society.

Part 3

["Part Three" of resolution on "Carrying Out Industrial and Technological Development Until 2000 With The Aim of Achieving National Industrialization and Modernization and Building the Working Class in the New Stage" issued by the Communist Party of Vietnam Central Committee's Seventh Plenum in Hanoi between 25 and 30 July]

b. Policies on capital:

We must fully realize the decisive role of local capital and the important influence of foreign capital and henceforth continue to renovate economic policies, especially financial and monetary policies, to generate, mobilize, and make good use of capital. Steps must be taken to create stable and favorable conditions for macroeconomic activities. It is necessary to formulate well-defined and consistent policies, laws, and regulations and guarantee serious implementation so that everyone can have a sense of security while investing in production and business activities.

It is necessary to satisfactorily implement the laws on local and foreign investment. Steps must be taken to simplify administrative procedures for applying for investment permits, business registration, land leasing, site clearance, installation of power and water supply facilities, and imports of machinery and equipment in support of production. It is important to zone off and build necessary infrastructures beforehand as well as work out appropriate administrative and economic management regulations in selected areas to quickly draw local and foreign investment. Plans must be worked out to establish additional industrial centers in each region and locality. It is necessary to reform the tax system and make continued efforts to eliminate the system of state subsidized prices for goods and services like power and water supply, transportation and communications, and gas and oil. Steps must be taken to step up the collection of budget revenue, cut back expenditures that are not truly urgent or that yield poor results, reduce budget overspending, and work toward the goal of ensuring balance between revenue and spending.

Continued efforts are needed to renovate credit and banking sectors and diversify and improve the quality of banking activities to guarantee convenient, safe, and quick services. Steps must be taken to mobilize to the fullest extent the surplus capital in society to meet investment and development needs.

Along with efforts to curb and control inflation, steps must be taken to adjust credit loan interests in a rational manner. Positive measures are needed to build the capital market and promote different forms of capital mobilization through the issuance of shares and bonds to local investors and through the experimental sales of some shares and bonds on the international capital market. It is necessary to make preparations for the establishment of the stock market step by step.

It is necessary to direct consumerism and promulgate concrete regulations on the need for party and state organs, social organizations, and the people to practice thrift to save capital for investment and development projects. Plans must be worked out to make total capital accumulation in society equal to 25-30 percent of the gross domestic product. Urgent efforts are needed to prepare for the early acquisition and quick use of all available sources of official development aid (ODA) and loans already approved by international financial and monetary institutions. It is necessary to dispel misgivings to gain more aid.

It is necessary to give top priority to direct investment, especially from the world's leading multinational and transnational corporations, gain modern technology transfer and advanced management expertise, and make inroads into the regional and international markets.

It is important to effect fundamental changes in state investment procedures and see to it that capital will be allotted only to projects that cannot yield direct returns. As for other projects, credit and share-holding must be regarded as key capital-generating forms. It is necessary to study and expand the rights and responsibilities of sectors, localities, and grassroots establishments in capital generation and mobilization as well as in investment and development project evaluation.

It is necessary to formulate strict regulations on loans and debt payment, including loans from local and foreign financial institutions. It is the main policy of the state to grant loans to support socioeconomic infrastructure and build a number of very important projects. Regarding business establishments, it is necessary to apply the mechanism under which beneficiaries must be on their own when applying for and repaying loans. The state can put aside some of its capital acquired through loans to extend credit to local investment projects. Nonetheless, it is necessary to see to it that this targets projects sure to yield enough return to settle the debts.

c. Policies toward economic sectors:

The state economy, the state enterprises first of all, must be consolidated, renovated, and developed so that they can enhance their efficiency and assume a leading role in the economy. It is necessary to promulgate the law on state enterprises; continue to reorganize, renovate, and perfect state enterprise management mechanisms; gradually introduce the share-holding system in segments of state enterprises; establish an agency to manage state assets and capital; clearly define regulations on the ownership representative system to exercise authority in managing state capital at enterprises; regulate statistics work; fundamentally renovate the accounting system; and perfect the independent auditing system. Efforts must be made to enhance the rights to autonomy in doing business by state enterprises while strengthening the management of the state's capital and property, urging enterprises to take responsibility for their capital depreciation, and encouraging them to accumulate capital for developing investment. We must establish a number of major economic organizations to manage large amounts of capital to compete with the international markets. It is necessary to gradually eliminate the managing system by ministries and echelons of the administration applied at state-run enterprises. We must promulgate the law on cooperatives, restore and encourage the development of diversified forms of economic cooperation in industry, small industry and handicrafts, and in other sectors and domains on the basis of spontaneity, equality, and mutual interest. The state supports, guides, and assists cooperatives in the areas of credit, information, marketing, and training of cadres to enable economic cooperation to develop effectively. The state adopts laws and policies to create favorable conditions for the private sector to have confidence to invest in production. Efforts must be made to encourage private capitalist economy to develop along the direction of entering joint ventures with state economic agencies under various appropriate forms.

d. Policies on marketing:

Efforts must be made to study, monitor, predict, and promptly collect information on markets abroad and activities of trade counterparts. We must change the export structure to produce goods with high export value to develop our advantage, especially that involving the work force. We must implement the policy on maintaining a rational foreign exchange rate to vigorously encourage exports and effectively regulate imports. Efforts must be made to improve the export-import regulations, especially the granting of quotas and licenses; satisfactorily organize the collection of world and regional economic information for distribution to agencies and state enterprises at home; provide essential information on Vietnamese trade and economy to foreign countries; develop organizations providing marketing services for export-import associations; gradually participate in international and regional economic and trade associations and organizations; perfect the law on exports and imports in conformity with our policy and international practice; and enhance the political and professional background of the cadres responsible for this task while fostering their quality and morals. We must expand markets at home to effectively serve the cause of national industrialization and modernization; accelerate production and the circulation of materials and goods to meet requirements for improving production and daily life in cities and the rural areas; establish trade centers in parallel with the development of the market in various localities; and regulate the circulation of goods between urban and rural areas. It is essential to pay appropriate attention to the mountainous region, remote areas, and zones inhabited by the ethnic minorities; rearrange market sectors, guide business sectors to develop in line with the state policy and law to compete in a healthy manner; strengthen the active role of state enterprises; and set up wholesale and retail dealers to trade in production materials, consumer goods, and other services at markets in cities and the countryside.

It is necessary to overcome the division between the state-run trade sector and state-run production establishments, between the domestic and external trade sectors, and between wholesale and retail sales.

We must resolve the problem of capital shortage, improve our organizational skills in trade, and do away with negativism in order to help the state-run trade sector operate effectively.

We must develop a network of retail agents for the state-run industrial and trade sector in rural and mountainous areas.

We must develop the cooperative trade sector; satisfactorily manage the privately-run trade sector; reorganize trade activities along the border and at various border gates; and sternly deal with smuggling, tax evasion, and dealing in prohibited and counterfeit goods.

We must carry out a policy of protecting domestically-manufactured products, mainly by creating the proper conditions and encouraging production establishments to surge forward, compete against foreign goods on the market, and meet the interests of consumers. Meanwhile, the state must periodically reassess and clearly publicize its protective policies—to be carried out within set limits and a given timeframe—for essential sectors and areas and certain specific ranges of goods. It must educate and encourage the people to use domestic goods.

e. Technological policy:

We must link technological science with production and support services; link technological and scientific development programs with socioeconomic development programs; expand the signing of research contracts; and promote inventions by scientists while giving attention to developing the creativity of the working people. We must create markets so that the products of technological science can be profitable and can be circulated as a special kind of good.

We must comply satisfactorily with the law on industrial [coong nghieepj] copyright protection and the law on technology transfer. We must promptly promulgate a law on technological science and augment the system of agencies in charge of managing technological development.

We must considerably increase capital investment in technological science from various sources; namely, from the state budget, capital contributed by various firms in different economic sectors, and capital donated by multilateral and foreign organizations.

We must increase the percentage of credit and investment capital for technological science.

The state must concentrate its resources to carry out a number of key national programs for technological development, projects designed to turn out products with high economic potential, and projects to stimulate various economic sectors.

Various sectors, localities, and industries must devise their own programs and projects dealing with technical innovations.

We must apply economic policies capable of encouraging enterprises to apply suitable advanced technical innovations. We must adopt a promotional policy toward technologies that are new to our country. We must ensure that enterprises set aside funds to carry out technological research and innovation.

We must train the contingent of scientific and technical cadres and skilled workers and develop it quantitatively, qualitatively, and structurally. We must take immediate and long-term requirements into account and pay attention to turning out scientific and technological cadres from among the ethnic minority groups.

We must adopt uniform measures to use our existing contingent of cadres effectively. We must replenish and promptly rejuvenate the contingent of cadres at various technological research and application establishments and urgently train leading cadres and chief project engineers in the key industrial sectors.

We must foster and create the necessary conditions for competent experts to work for international agencies and organizations and renowned scientific and technological centers in the developed countries.

We must open a number of international or regional-level colleges and technological research institutes in Vietnam. We must send more experts abroad for scientific study, research, and exchanges with the emphasis on priority technology areas.

We must encourage overseas Vietnamese experts to help transfer technological know-how back home.

We must reorganize the scientific and technological force and devise policies to attract scientific and technological cadres to work at local enterprises.

We must encourage enterprises to set up technological research and application establishments. We must transfer a large number of technological research and application institutes to enterprises. We can transform certain technological research institutes into enterprises designed to manufacture high-tech products.

We must increase the scientific facilities of universities. Universities must assume a large part of the basic research duty.

f. Policy on the exploitation, use, and protection of natural resources and the environment:

Great attention must be paid to exploiting and protecting natural resources and the environment successfully during the process of industrialization and modernization.

We must step up our efforts to locate, explore, and exploit natural resources. While planning for the exploitation and use of natural resources, we must take both immediate and long-term requirements into account as well as our economic and national defense interests.

We must promulgate a law on the exploitation and protection of natural resources, intensify management of mineral ore exploitation activities, reorganize the mineral ore exploitation industry, properly comply with technical programs and standards, guarantee safety and results, and guard against the wasteful use of natural resources and the destruction of the environment.

We must prevent and sternly deal with the illegal exploitation of natural resources.

The government must specifically define the types of mines to be exploited by the state or by the state in partnership with local or foreign enterprises and those types of mines reserved for exploitation by other economic sectors.

We must urgently promulgate bylaws to carry out the environment law satisfactorily.

We must promptly establish key environment control networks from the central down to the local levels. Management done according to sector must be combined with management according to geographic area. We must sternly deal with the destruction of the environment, natural and urban scenic spots, and public utility projects.

We must prevent and overcome the degradation of the environment, enact preventive measures, and build a force to resolve environmental problems.

We must specifically spell out the need to protect the environment in each investment project and for enterprises to make financial contributions toward environmental protection.

We must limit the operations of industries that cause heavy environmental damage. We must encourage the use of complete technologies and initiate a mass movement to ensure constant environmental protection and development.

We must invest in the development of recyclable natural resources as appropriate and gradually develop environmental industry technologies [coong nghieepj mooi truowngf].

Last Part

["Remaining part" of a resolution on "carrying out industrial and technological development until the year 2000 with the aim of achieving national industrialization and modernization and building the working class in the new stage" issued by the Communist Party of Vietnam Central Committee's Seventh Plenum in Hanoi between 25 and 30 July]

III. Directions and duties for building the working class in the new stage.

The Vietnamese working class thoroughly understands Marxism-Leninism and Ho Chi Minh Thought. Through its vanguard party, it has assumed a leading role in our revolution and in national industrialization and modernization. It is the nucleus of the worker-peasant-intellectual alliance and our country's multiethnic great unity bloc.

The interests of the working class are closely linked with and tied to the interests of the nation. The duty of the working class is to unite and cooperate with the other classes and people from all walks of life in society to accomplish industrialization and modernization, thus moving the country firmly forward along the socialist path. The construction of a strong working class is the responsibility of the party, state, workers unions, and all political and social organizations. At the same time, it is the responsibility of every person and every collective group of workers.

Along with the process of developing industries and technologies with the aim of achieving national industrialization and modernization, it is necessary to increase the size of the working class. Workers must be aware of their class and firm in their politics and ideology. They must have a high level of education and professional skill with a good capacity to adopt and create new technologies. They must work with high productivity, quality, and efficiency to advance toward fulfilling their historic role.

The working class must be the most active partner in building a strong alliance with peasants, intellectuals, and other working people to ensure success in industrialization and modernization in general, and the industrialization of agriculture and rural areas in particular. It must execute the party's great national unity policy satisfactorily. It must cooperation with domestic capitalists and foreign investors to develop the economy. It must respect the legitimate interests of employers, while at the same time fighting to convince employers to protect the legitimate interests of the working people and fulfill their obligations toward the state. It must also enhance class awareness and foster the tradition of patriotism, the spirit of independence and sovereignty, and the discipline of self-reliance. It must also educate workers on the industrial working attitude, consciousness of organization and discipline, and active and creative characteristics.

We must satisfactorily organize the training of workers, upgrade their educational level, and encourage them to study on their own to improve their knowledge in every aspect. We must accelerate education and training, especially on-the-job training. We must link training with work and production to ensure that by the year 2000 most workers have at least an elementary education along with the necessary job skills.

We must create more jobs, improve working conditions, satisfactorily carry out regulations on work protection and safety, and reduce harsh and dangerous manual labor. We will strictly implement regulations on employing female workers and policies regarding female workers. We must successfully fight against and prevent workers from contracting vocational diseases.

We must continue to study, supplement, and perfect policies on salaries and service fees. We must satisfactorily execute the principle of distribution according to work and apply policies to encourage skilled workers, thus making salary a real lever for creative labor. We must widely apply a contractual system in state enterprises and, where conditions permit, sell shares of enterprises to workers. A structure must be established to ensure the rights of workers and workers unions in different types of business. The interests and dignity of workers must be protected under the law, contracts, and work agreements.

We must consider the introduction of a policy to provide unemployment benefits and social allowances to retrenched workers and workers who cannot find full time employment. We must perfect our social security policy. We must improve the workers' material and cultural lives; concentrate on solving their housing problems; and meet their demands for electricity, water, transportation, schools, hospitals, and cultural and sports facilities. We will accelerate worker movements to build a cultured, disciplined, orderly, healthy, and thrifty lifestyle; satisfactorily implement the family planning program; develop cultural, physical education, and sports activities; and preserve and develop national cultural characteristics and prevent the influx of hostile and debauched cultures. We must be exemplarily in observing the law; implementing party and state guidelines and policies; and actively fighting bureaucracy, corruption, smuggling, and other social evils. Party branches, workers unions, and other social organizations must be established in all enterprises.

IV. Enhancing the party's leadership capacity and the efficiency of state management and developing the role of fatherland fronts and mass organizations.

1. Enhancing the party's leadership capacity.

In order to meet the demands of industrialization and modernization, party-building work in the coming years must satisfactorily deal with the following issues:

—Making cadres, party members, youth union members, the working class, and people of all walks of life thoroughly understand and implement policies and lines on industrialization and modernization more and more satisfactorily with each passing day; uphold the spirit of self-sufficiency and self-help; work diligently to serve the cause of national construction; improve knowledge in all fields; fight against bureaucratism, corruption, extravagance, and wasteful spending; heighten vigilance; and firmly adhere to socialist orientations. Primary party organizations in state business establishments must serve as a truly sound political nucleus to direct office and manual workers in carrying out production and business operations.

—Making research to enable the early promulgation of the operating procedures of party organizations in private business establishments and joint ventures with foreign countries. Rational steps must be taken to restructure bloc party committees and higher- level party committees of party organs in business establishments.

—Improving the industrial, scientific, and technological background of party committee echelons. Each province and each city must have a number of cadres with solid economic and industrial management knowledge participate in provincial or city party committees and people's committees. Drastic measures must be taken to promote party membership among workers and foster cadres who come from the working class and have them participate in party committee echelons and state agencies.

—It is necessary for the party to make greater efforts to direct the formulation and implementation of cadre training plans to meet the requirements of industrialization and modernization. Party committee echelons must directly oversee efforts to consolidate and improve the quality of learning facilities and training courses for cadres in charge of party organizations, state agencies, and mass societies.

—Stepping up research projects on the working class and trade union organizations.

2. Enhancing state management efficiency.

The state institutionalizes the party's line on industrialization and modernization and on building the working class into a system of laws, mechanisms, and policies. It creates stable and favorable conditions for socioeconomic development and directs the implementation of general projects and plans as well as the specific tasks of each sector, region, and area of activities to promote industrial, scientific and technological development.

Measures must be taken to renovate and strengthen planning in accordance with the new mechanism. It is necessary to overcome the tendencies toward bureaucratic centralism and dispersion. Steps must be taken to formulate a correct financial and monetary policy to mobilize and effectively utilize all available assets to serve the cause of industrialization and modernization.

Adequate steps must be taken to direct and support economic sectors and business establishments so that they can prosper. It is necessary to monitor socioeconomic activities and take stern action against violations.

It is necessary to carry out administrative reform, get rid of inconvenient procedures and harassment because they hinder the renovation undertaking, step up the maintenance of discipline and order, and guarantee the efficiency and uniformity of state macroeconomic management, while at the same time broadening democracy and creating conditions for sectors, localities, and grassroots establishments to develop their assertiveness, dynamism, and creativity. Efforts must be made to fight against bureaucratism and corruption and purify the state apparatus. It is necessary to work toward the goal of applying national standards to the state employee transfer system. At the same time, it is necessary to adopt an appropriate remuneration policy. Programs must be worked out to foster and train the contingent of civil servants.

It is important to direct all echelons and business establishments in strictly implementing the labor code and the law on trade unions, and to assist and coordinate with trade unions in looking after the well-being of workers and the laboring people. Timely measures must be taken to resolve labor disputes. It is necessary to supplement provisions on the responsibilities of owners of private business establishments and joint ventures with foreign countries toward workers and trade union organizations.

3. Developing the roles of the front and mass organizations.

The Vietnam Fatherland Front plays a great role in motivating the entire people to achieve unanimity of mind and action in the struggle to guarantee success in industrialization and modernization. Propaganda activities are needed to promote everyone's awareness of the need to work hard to broaden production and business operations to benefit the country and people, to fulfill one's duties to the state, and to actively contribute suggestions on how to make the people rich and the country powerful.

Due attention must be given to efforts to build and strengthen trade union organizations in all sectors and at all levels and in the grassroots establishments. It is important for the Confederation of Workers, the Ho Chi Minh Communist Youth Union, the Women's Union, the Peasants Association, the Union of Scientific and Technological Associations, the Union of Literature and Art, the War Veterans Association, professional clubs, and other social organizations to satisfactorily fulfill their roles in encouraging, organizing, directing, and helping their members and people of all walks of life to develop their strong points and capabilities, overcome difficulties, display dynamism and creativity in implementing development projects, and make the goals of industrialization and modernization come true.

* National Defense Institute Model Outlined

942E0076 Hanoi TAP CHI QUOC PHONG TOAN DAN in Vietnamese May 94 pp 38-40

[Article by Assistant Professor Major General Ngo Huy Bien, MS (Military Science), Chief of Superior Military College's Training Office: "A Few Initial Thoughts on A National Defense Institute"]

[Text] All sovereign nations in the world attach importance to national defense, but this does not mean that all of them have national defense institutes (NDI's).

The former socialist countries and those that still remain today ordinarily do not have NDI's, but they do have superior military colleges or general staff colleges (Footnote 1) (China has a national defense college, actually a superior military college, to train officers at levels ranging from division to army corps, corps group, and higher.), the primary task of which is to train high-level military command-staff cadres and to take part in teaching (in other schools) military line and art to high-ranking party and state cadres.

As we look for a knowledge of the NDI's of some countries in our region, such as India, Thailand, Indonesia, and so on, we have found that NDI's are the highest such schools of these countries. The primary task of NDI's is not only to train high-level military cadres but also to provide *"national statesmen"* with the necessary knowledge and notions having to do with *strengthening national defense, maintaining political security, and developing all aspects of the national potential.* Military subjects are only a part of training programs (usually accounting for about 10-15 percent of training time) and consist mainly of strategic topics having to do with nations, regions, and the world as a whole. NDI's actually are a center for unifying the views and line (doctrine) on building and developing all aspects (including national defense and security) of a nation's potential. The high-ranking cadres of these countries (ranging from national assembly deputies and provincial and state cadres to prime ministers and presidents) must undergo NDI training, otherwise they will not be able to take part in politics. To receive NDI training is a mandatory qualification and also an honor and opportunity to develop one's talent for gaining a high position in society. Therefore, NDI trainees are carefully selected. The first qualification for NDI admission usually is to be: young officers of colonel rank and higher, mostly generals (for army personnel); high-grade (grades 1 and 2) specialists; and major-business people (for the civilian sector). The ratio between civilian and military trainees varies, depending on countries and on classes, and is not fixed. (Footnote 2) (The few recent classes in Thailand's NDI showed this ratio: army 50 percent, civilian specialists 30 percent, and businessmen 20 percent.) NDI trainees must be people who have graduated from lower specialized schools. A NDI class usually does not last for more than a year. Trainees study for 2-3 days a week, at the most for 5 days, and devote their remaining time to doing research on their own or continuing to work in their current position. The training method mainly consists of attending lectures on specialized topics and later exchanging ideas among trainees and writing about what has been learned. During the training, trainees make field trips to many locations inside the country and go to two countries in the region and one Western European country or the United States. Before the end of their class, trainees must write an essay. Essays of great value are allowed by the state to be applied to actual social conditions, and so on.

According to these countries, because their high-ranking cadres are trained at NDI's with such curricula, they will have *correct and unified concepts in regard to the task of building and protecting national sovereignty and to the fact that to defend the country is not the exclusive task of the army and that national defense does not involve only military matters.* Everybody and every sector must have the task of building and defending the country, and according to them, that is the combined national defense-security task (in some countries the police force is part of the ministry of national defense).

The military and national defense task in our country has its own characteristics. Our people, ever since the August Revolution, had to go through 30 years of continual wars. In that period, all state and military activities and organizational systems were of a wartime nature and responded to war needs. At that time, as many localities often pursued the "All for the front, all for defeating the aggressors" goal, the national defense and military concepts in our country had almost no distinction. After 1975, with the reunification of the fatherland, although war still existed here and there, the army still had to do both building and combat work, but the issue of national construction was put at the top of our agenda. Our party and state always emphasized combining the strategic tasks of building the country and defending the it in the new situation. However, because we did not have any experience in building and defending the country in peacetime and in building an all-people national defense and people's security, the theoretical capacity and real knowledge of our cadres and party members, including our high-ranking cadres and cadres in charge of the national defense-security task, remained limited and showed a lack of thorough understanding of the new national defense-security viewpoint, even indecision and a loss of vigilance in the face of the adversary forces' plots. That fact had definite effects on our simultaneous fulfillment of two strategic tasks and our country's total development. Some of the reasons that led to that situation were caused by our school system—the centers that trained our cadres and party members in knowledge and intellectual capacity—being far from suitable for the new tasks and situation. To say so does not mean that we would deny the great contributions made by this school system and the great success achieved by the party and state in their educational and training work.

Our party attaches great importance to political education aimed at raising all aspects of the people's capabilities, particularly within the party. We have had a system of party schools at all, from local to central, levels, which are now unified in the system of state schools and have become political schools, with the Ho Chi Minh National Political Institute being at the highest level. The National Political Institute has the task of training high-ranking party and state political cadres in sociopolitical matters and in building and defending the fatherland in the present and future revolutionary stage.

Next to the National Political Institute, our country now has the National Administrative Institute, the task of which is to train high-ranking party and state cadres in administrative management for a socialist jurisdictional state.

In addition to these two highest institutes, we also have the Superior Military College, which is the highest national defense and military institute in the Ministry of National Defense.

The Superior Military College, which was established after peace had been restored and the country had become reunified, has the primary task of training high-ranking military (command and staff) cadres for the army as a whole and taking part in the teaching of the military art and national defense line to National Political Institute trainees. In the last several years, almost all high-ranking cadres in the army, from cadres of organs at all levels and commanders of military regions, corps [quan doan], arms, and services to division cadres and provincial (and municipal) military commanders, were trained in the Superior Military College; the great majority of them have succeeded in using the results of their studies to fulfill their task. However, in the new situation, the knowledge acquired in the Superior Military College has failed to respond to the needs arising from the various aspects of the country's development. Today's high-ranking military cadres must not only be good at commanding, leading, and managing their unit but also have a multifaceted knowledge so as to be able to take part to a definite extent in the sociopolitical life of the country, which is closely combined with national defense-security, first of all in the areas where they are stationed. Therefore, it will not be enough for high-ranking military cadres to have graduated from the Superior Military College only, for they must also receive elementary and advanced training in the National Political Institute and National Administrative Institute in order to have the sufficient knowledge of high-ranking party and state cadres working in the army. On the other hand, high-ranking civilian, central government, and party cadres having received elementary and advanced training in the National Political Institute or National Administrative Institute also badly need a knowledge of basic issues having to do with the military line and art, and the national defense-security strategy in order to closely link building the country with consolidating security-national defense and successfully implementing the party and state line on building the country along with defending the country and the socialist system.

In our opinion, *the most logical and best way is to have civilian, central government, and party cadres also receive elementary and advanced training in national defense-security subjects in the Superior Military College.* In this case, the latter's functions and tasks need to be changed and expanded as compared to what they are today. And in order to fulfill their new tasks and functions, *the Superior Military College can become a NDI having the scope of a national institute like the National Political Institute and National Administrative Institute.*

Although we do not have all the necessary factors and conditions, we venture outlining a NDI model for the benefit of readers discussing it. First of all, Vietnam's NDI will not be like other countries' NDI's. Our NDI can be a command-staff institute at the same time. Therefore, there can be two systems in it:

One, the system of providing high-ranking army officers with training, both long-term and short-term, fulfills the task of providing elementary and advanced training to high-ranking military cadres, graduate students, PhD military-science research students, and command-staff officers (who are in charge of only command and staff work at the operational-strategic level). The initial position for graduates remains that of division commanders, who by the way must have capabilities at the operational-strategic level. This means that the division-level tactical portion of the training must be basically provided in the Army Institute. In the NDI, trainees receive continued training in the operational-strategic portion and in the necessary sociopolitical subjects. The NDI still carries studies at the division level, but it is the level of divisions carrying out operational tasks. The duration of training can be reduced to one year, instead of two years as it now lasts.

Two, the national defense system taking part in training high-ranking civilian, central government, and party cadres in national defense-security subjects takes care of a number of hard-core matters of the military line and art (security subjects should be included because this is a national institute). The duration of training depends on the requirements of the subjects taught, but the general tendency is to keep it short, about from 1 to 3 months for each training course. As to the training method, we should pursue the "soft" mechanism. For the training courses, we should adopt the formula of *combined training among the three institutes—National Political Institute, National Administrative Institute, and NDI—with a unified curriculum* and a rational ratio among the subjects for different kinds of trainees. The subjects to be taught and the duration are to be decided by each institute, while grading end-of-the-class essays of graduating trainees and awarding degrees can be assigned by the state to the National Political Institute or another institute. The common duration of entire classes is set by the state, but the joint curriculum of the three institutes should not last more than 2 years. The learning method mainly consists of listening to lectures on specialized topics given by specialized-in-the-field professors or by high-ranking state cadres in specific fields, doing research on one's own, discussing in one's team, and acquiring knowledge on an individual or collective basis. Field trips in localities throughout the country and in the major sectors concerned should be increased. In addition to our fundamental viewpoints and traditional experiences, trainees need to study and discuss the security, national defense, and military viewpoints, tendencies, and experiences of other countries in the world, mostly the countries in our region and those countries being in the same situation as ours. If our high-ranking military, civilian, central government, and party cadres receive training in accordance with a joint curriculum of the three highest institutes of the country, they will surely have a total, unified, and sound level of basic knowledge. The cadres who are trained in accordance with the joint curriculum of these three institutes can become the ones who satisfy the recruiting-end qualifications set for high-ranking party and state cadres.

Those are our initial thoughts about Vietnam's NDI and its relationships with the National Political Institute and National Administrative Institute. In the long run, to ensure a high degree of unity, we wonder whether we should keep many highest institutes of national scale or not. We need to continue thinking about and studying this matter before we can hope to have a correct answer.

Australia

U.S. Envoy: U.S. To Link Trade With Rights

BK1808020994 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 15 Aug 94 pp 1, 14

[By Geoffrey Barker]

[Text] The United States plans to use the forthcoming APEC [Asia-Pacific Economic Cooperation] summit meeting in Jakarta to renew its push to link trade liberalisation in South-East Asia to sensitive labour rights and environment issues.

President Clinton is set to push hard for further trade liberalisation in the region after the successful GATT negotiations, but to insist that labour rights issues need be addressed because they affect trade policy.

The US strategy was signalled on Friday by the US Ambassador to New Zealand, Mr Josiah Beeman, who was on a private visit to Sydney. He told THE AUSTRALIAN FINANCIAL REVIEW that the environment and worker rights were "two very, very important issues we need to deal with".

If President Clinton pursues the strategy aggressively, his first visit to South-East Asia for the November summit in Jakarta seems certain to be highly contentious.

In Indonesia, labour rights are the focus of a confrontation between the Government and workers who rioted in Medan last April over demands for better wages and conditions. A Chinese businessman was killed and dozens of shops were ransacked.

On Saturday, Indonesian authorities arrested the leader of the Indonesian Prosperous Workers Union, Mr Mokhtar Pakpahan, over his role in the Medan riots. The arrest is likely to increase domestic pressure on Washington to retaliate against Jakarta's harshness towards trade unions by reviewing Indonesian trade privileges in the US. Last May, the US was forced to back away from its bid to link trade and human rights after the bloody 1989 crackdown against pro- democracy demonstrators in Beijing's Tiananmen Square.

After years of acrimonious debate, President Clinton renewed China's most favoured nation trade status with only the symbolic sanction of a ban on imports of Chinese-made guns and ammunition.

Mr Beeman said he did not think Mr Clinton would target Indonesia as an object of concern, but added: "We are sensitive to workers' rights whether in China or Indonesia.

"You cannot avoid addressing questions like child labour, forced labour and its impact on trade issues. So I guess you could say we are trying to stake out positions—not that we have a view we want to impose on the rest of the world, but we want to raise these issues because we think it's important that they be raised and talked about.

"It's one of the things that free nations should be sensitive about—and they do impinge on trade in terms of fairness in trade."

Mr Beeman, who has held senior posts in the US Presbyterian Church and the Democratic Party, said the US was committed to APEC because 40 percent of all US trade was now with Asia, and the US regarded the region as having the world's most dynamic growth potential.

He said the US was pleased President Suharto was the host because Indonesia was one of the 10 "virgin" markets identified by the US as important to the expansion of trade opportunities.

He said the US had and would maintain a forward presence in Asia Pacific. "There will be no retreat."

Papua New Guinea

Government on Melanesian Paramilitary Plans

BK1708065094 Melbourne Radio Australia in English 0500 GMT 17 Aug 94

[Text] A report by Papua New Guinea's [PNG] National Intelligence Organization that the premiers of four island provinces were planning to set up a paramilitary force is said to be causing concern in the PNG government. A Port Moresby newspaper, THE NATIONAL, quotes the deputy speaker of the national parliament, (Bel Okoro), as saying the government should treat the intelligence report as a very serious matter. Mr. (Okoro) said the establishment of a paramilitary force would be a crime and that those responsible should be put on trial. The newspaper said that according to the intelligence report, the island premiers had unanimously agreed to form a fully-armed paramilitary force to support a move to form the so-called Federated States of Melanesia. Mr. (Okoro) said the PNG government should not tolerate such illegal and divisive activities by a minority group which would threatened the unity and stability of PNG.

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